



3 3398 00205 0689

IN THE MATTER OF The Public Inquiries Act
being Chapter 258 of the Revised Statutes
of Alberta, 1955; and

IN THE MATTER OF an Inquiry into the ad-
ministration, management and financial
affairs of the Lethbridge Central Feeder's
Association Limited, and the general
operation in respect to the participation
of the members therein.

P R O C E E D I N G S

at a Hearing held before

HIS HONOUR JUDGE L. SHERMAN TURCOTTE

VOLUME IX

DATE January 11, 1965

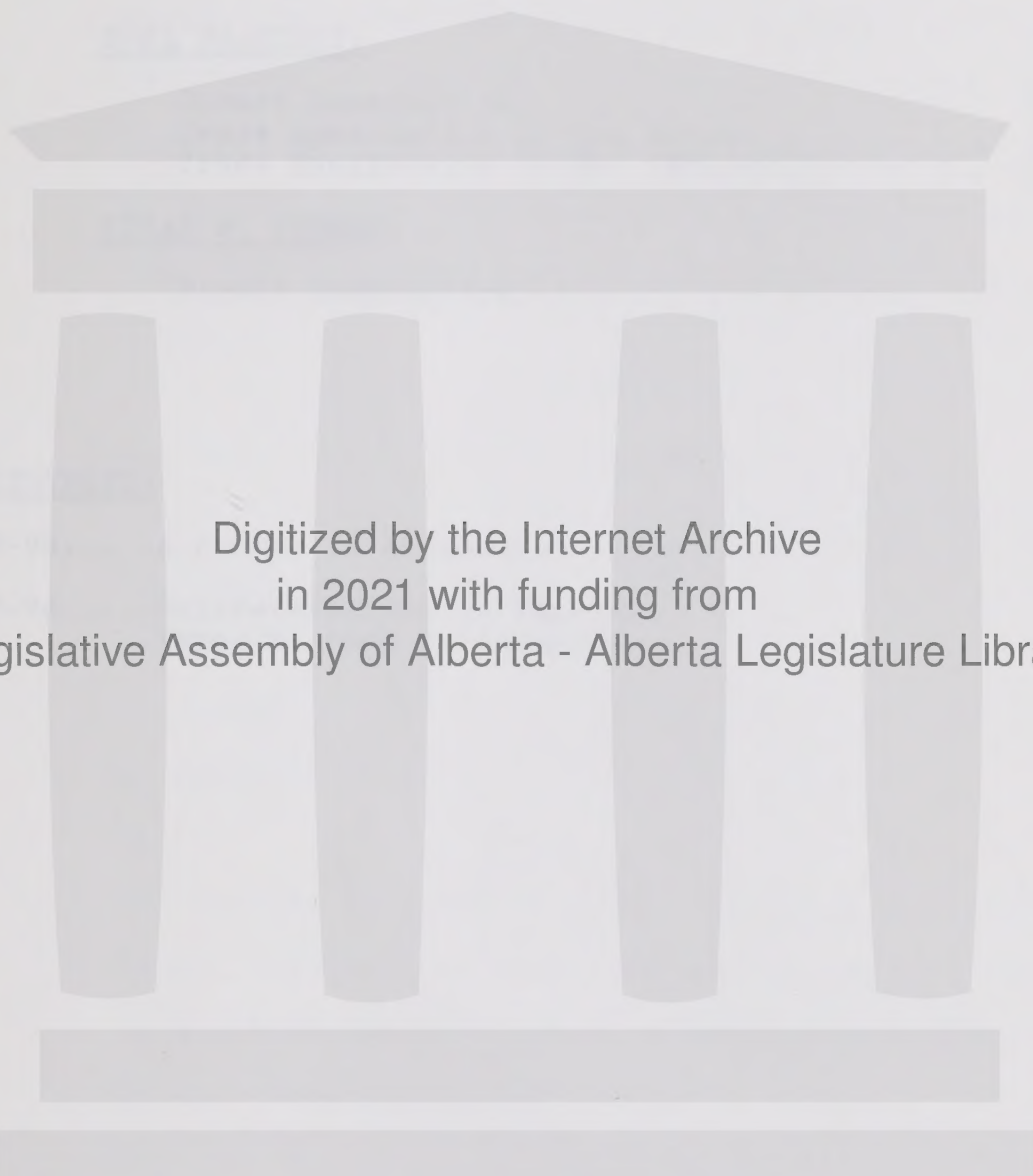
CA2ALZ 1

64L21

v. 9 c. 1



vol. IX c.1



Digitized by the Internet Archive
in 2021 with funding from
Legislative Assembly of Alberta - Alberta Legislature Library

PROCEEDINGS TAKEN JANUARY 11, 1965:

THE COURT: Well, to people who are standing around the sides, usually we don't permit that to happen in a Court of Law, but in view of the interest this morning, as long as there is no commotion, and everybody is fairly quiet, why, it will be in order to stand and hope that some people get tired and you will get a seat finally.

Fine.

MR. WEIR: Noel Brandley.

NOEL BRANDLEY, having first been duly sworn, examined by Mr. Weir, testified as follows:

THE COURT: Mr. Brandley, are you represented by counsel?

A No.

Q The amounts involved in this investigation are rather large, questions of liability are in doubt, do you object to the evidence that you give this morning being used in any other civil case?

A No.

Q If you had, I was willing to give you the protection of the Alberta Evidence Act, but you don't wish it?

A Thank you anyway, no, I don't.

Q All right.

MR. WEIR:

Q Your name is Noel Brandley?

A That's right.

Q And you have a, your ranch is located around Monarch,
I believe?

A That's right.

Q Would you give us a description of your farm? How many
acres do you have?

A Well, there is, it's no longer my farm. Two years ago
I pretty well lost it, but the farm I live on and
operate is 2,550 acres, roughly.

Q And approximately how many acres under cultivation?

A Approximately 15, 1600.

Q And is there any irrigation?

A There is their own irrigation system. It's not under an
irrigation district, if that's what you mean?

Q Yes.

A But we do pump water out of the river, and irrigate
quite extensive.

Q About how many acres would be irrigated in this fashion?

A About 1500.

THE COURT:

Q How many, 15---

A 1500.

Q 1500.

MR. WEIR:

Q Now, I understand you have quite a number of acres

adjoining the river. Would I be correct in assuming, I think I read somewhere that you have around 8 miles with river frontage, would this be about right?

A Roughly, that's correct. There's two rivers, they join there. We are in the middle of them.

Q What are the two rivers?

A The Belly River and the Oldman River.

Q And this ranch, am I correct in assuming that it is geared pretty well to a cattle operation?

A Practically total.

Q Now, when did you join the Lethbridge Central Feeders Association, according to your recollection?

A Well, I joined the Old Red Label Feeders Association about 30 odd years ago, when it was first founded, and then that was directly transferred into Central Feeders, and we had to pay a new membership, but I don't remember what year it was.

THE COURT:

Q Was it about '45, '46?

A I imagine somewhere in there.

Q Yes.

A But I wouldn't like to state definitely.

MR. WEIR:

Q I am showing you your member's card, this is with the Lethbridge Central Feeders Association, it's marked "Noel Brandley, Monarch", and this is your regular

member's ledger card. Have you seen---

THE COURT:

Q Which one are you looking at?

MR. WEIR: This is the member's---

THE COURT: Which number?

MR. WEIR: B6.

THE COURT: B6.

MR. WEIR:

Q Would you look at this ledger card from time to time?

A There is times I have looked at it. I have never examined it real carefully.

Q Were you satisfied with the figures that you saw in it?

A No.

Q Approximately how often would you look at it? Once a year, twice a year, how many times?

A Well, we always looked at it just before Income Tax time, to try to figure just how much money we got out of it, ourselves.

Q So you would look at the ledger card, yourself, for Income Tax purposes?

A Yes, but the only thing we reported for Income Tax was money made out, as you will see on that card, or I think you will, you will see "self".

Q Yes. In other words, cash advances?

A They were the only amounts that it was necessary for us to report.

Q Yes.

A The rest of it didn't belong to us.

Q There are two other ledger cards here, Noel Brandley Liquidation account, looks like B-180. Have you seen this particular one before?

A Never seen that before.

Q And what about this particular one? It looks like B-06.

THE COURT: That's the Bullock cattle, Mr. Brandley, that you got on July 10th, 1963. It's in a separate account. Did you ever see that account?

A Now, which is this?

MR. WEIR:

Q That is when you received the Bullock cattle, on July the 10th, 1963.

A Yes, I have seen this one.

Q And what about this ledger card, Noel Brandley, N.A.B., Monarch, and the B number is difficult to read? Have you seen this ledger card before?

A No.

Q No one showed you this card at the office of the Lethbridge Central Feeders Association?

A No, I never seen that card. What does N. A. B. stand for?

Q Non-Association Business. You have no knowledge why that ledger card would be opened?

A No.

Q Now, looking at this Non-Association Business ledger card, Mr. Brandley, perhaps we should look at one of your other ledger cards for just a moment.

This is your regular Member's ledger card. I see that on September, in 1958, there was a balance in your account, a debit balance of roughly \$9,000.00. Do you see that?

A Yes, I see that.

Q Debit, there? And then I see some cattle purchases coming in, and then I see, in December, some receipts coming in for the sale of those cattle, and then there is this cheque on January the 21st, 1959, to you, of \$5,134.35.

Now, this appears to me to prove that in 1958, in a four month period you did quite well in this cattle venture. You were behind approximately 9,000.00. You fed these cattle, which are referred to here, in September, you fed these cattle for roughly three or four months, and as a result of the sales you liquidated the \$9,000.00 debt and you received approximately \$5,000.00 profit at that time, in addition. According to the ledger card here you did quite well, in any event.

A I think that is substantially correct, but I thought the debt was bigger. Did you go back any further than that?

Q Well, I'm just referring to the debit balance on hand at the time that you commenced this particular cattle venture.

A Yes. Yes, that was one good year that a feeder had.

Q And over this four month period, then, approximately, you were able to liquidate this \$9,000.00 debt, approximately, and make, for yourself, approximately \$5,000.00?

A If my memory is correct, that's right. Although, in that a lot of, a lot of this was feed that we raised on our own ranch that went into these cattle.

Q Yes. So---

A It wasn't all profit.

Q No, no. These would be your gross receipts, though?

A Yes.

Q You didn't receive advances from the Association for feed at this time?

A No.

Q Now, in this particular Noel Brandley Non-Association Business ledger card there are a couple of items that I'd like you to help me out on, here.

Do you see a debit to your account of \$1,238.85?

A Yes, I see that.

Q This is on January the 3rd, 1961?

A Yes.

Q Now, do you also see this document referring to the details of this particular transaction, it marks 11

steers, net 5290 price, \$23.00, and for the total amount of \$1,216.70?

A Yes, I see that.

Q And this is charged to your N. A. B. ledger card in that amount, that total amount?

A Yes.

Q Actually it's charged, there's a little more added. There's trucking of \$15.00, and branding of \$3.85, and insurance, and this vaccine, making a total of \$1,238.85.

Now, would you tell us the details in connection with these particular 11 steers?

A Well, I can't tell you the details in connection with the 11 steers. There's probably three or four thousand steers on my books, going back through the years.

Q No, but the thing that strikes the unusual in this particular entry is the fact that it is charged to your Non-Association Business ledger card.

Well, let's move forward to the next item which is, presumably, related to this, because immediately prior to that entry your account has a nil balance, hasn't it?

The next item is this debit to you of \$700.00, represented by this cheque dated June the 21st, 1961, cheque payable to you by the Feeders Association. Now, why did you ask for this particular advance?

A I can't remember why I especially asked for it. Wasn't there any other advances on these accounts of that size.

Q Well, in this particular ledger card this is the, this \$700.00 is, I assume, related to these 11 steers. Have you any idea what you did with this \$700.00?

A Well, it's a long time ago, and that particular year, that was when all my troubles started because I wasn't feeling too good. Now, I did feed some calves, at Stu's suggestion, for a gentleman, and I thought it was 10, but maybe that is the 11 you're counting for, although, I can't swear to it. I can't pick those calves out.

Q And who was this individual for whom you had arranged---

A Mr. Bradstock.

Q Mr. Bradstock. Is this the same Mr. Bradstock who was the manager of the Imperial Bank of Canada?

A That's right.

Q And was this \$700.00 given, by you, to him?

A Well, if my memory is correct, before these calves were sold, he needed some money and asked me for an advance, and I loaned him a sum of money, and I would not like to take an oath that it was \$700.00. It was a sum of money. It could have been four, it could have been five, it could have been this seven, but I wouldn't be prepared to swear to it, because I can't prove it.

Q But it was a substantial amount of money?

A It was, within the range I named, it could have been.

Q It could have been 400, it could have been 700?

A Yes, yes.

Q But, at least, it was a substantial portion of this \$700.00 advance?

A Right, that's right.

Q What reason was given to you by Mr. Bradstock for the need of this money at this time?

A Well, if my memory is correct, he and his wife were going on a vacation, a holiday, or something, we were fairly good friends. It isn't the first time I have loaned a friend three or four hundred dollars.

Q And this loan was based on this particular cattle transaction?

A Yes, as I remember, it was.

Q Were you under the impression that this loan was to be repaid to you?

A I was under the impression, as I told you before, I never knew of that special ledger account. I thought these cattle were charged on my account, and when the cattle were sold---

Q Well, this is your account, although it's a non Association Business ledger?

A Yes.

Q Well, then I was approximately right, and my impression was that when these cattle were sold they would be sold

on my account, and any residue from the sale of the cattle would be credited to my account.

Q Now, I'm not sure whether I recall the answer. Were you under the impression that this loan was to be repaid to you?

A Out of the proceeds from these calves I was supposed to, automatically, get it.

Q You mentioned that you loaned to Mr. Bradstock, or advanced to Mr. Bradstock, one of those terms, a substantial amount of this \$700.00?

A Yes.

Q Now, were you under the impression that Mr. Bradstock was going to repay you?

A No, not exactly. I was under the impression that I was feeding these 8,9,10,11 calves, again, I will not guarantee the number, I was under the impression that I was feeding them, and what I was actually losing was the feed on the calves, and it seems to me that the amount that I loaned was more or less considered the amount that he would get when these cattle were sold, within a few dollars either way, that we weren't going to worry about.

Q So, well, this sum of \$7,000.00---

THE COURT: \$700.00.

MR. WEIR: \$700.00, I beg your pardon.

This amount of \$700.00, this represented, at that

time, the estimated profit on this particular---

A Whatever the amount was.

Q I see. Now, has any money, whatsoever, been returned to you by Mr. Bradstock?

A No.

Q Since that time. Did you hand this amount of money to Mr. Bradstock in the form of a cheque, or was it cash?

A No, it was money.

Q It was cash?

A It was cash.

Q Did you since give any further monies to Mr. Bradstock?

A No.

Q Did you since lend any monies, further, to Mr. Bradstock?

A No.

Q Did you since arrange for any further cattle feeding arrangements involving Mr. Bradstock and yourself?

A What was the date of this?

Q In 1961, January of 1961, and the cheque is June the 21st, 1961.

A Yes, there were, January 1st, 1961. Was that when the cattle were bought?

A Yes.

A Yes, since then up until April, 1962. I haven't got my books here, but there was considerable transactions with Mr. Bradstock, through the bank.

MR. MOSCOVICH: Through the bank.

MR. WEIR:

Q But, though the bank?

A Yes.

Q But are there any transactions of a similar nature to this particular transaction that we have just--

A Oh, no, no.

THE COURT:

Q No personal transaction?

A Excuse me, I misunderstood the question.

MR. WEIR:

Q Mr. Brandley, why did you have two bank accounts?

THE COURT: You better tell him the date,
Mr.---

MR. WEIR: I was just going to go into that,
Your Honour.

Q According to the figures that I have here, and I'm not going to guarantee their complete accuracy, although we can dig out some cheques here, if you like, I have marked down in these notes, between January the 2nd, 1963 to March the 13th, 1963, there were deposits by you, through the Treasury Branches, one particular Treasury Branch, of \$22,500.00, yet money was also deposited by you at the Canadian Imperial Bank of Commerce, although not in quite the same amount of money.

A After the spring of '62, by that, I mean March, when I was sick, and the Canadian Bank of Commerce, or Mr.

Hatch came while I was away and took all my cattle and sold them, my relations with the Canadian Bank of Commerce were not too good, and that fall when I was feeding cattle I figured maybe they would treat me a little better in the Treasury Branch, I deposited this money that was mostly used for buying feed in the Treasury Branch, and for some reason or other, after that I never did close out my Imperial Bank account. I don't know why I did that. I guess it was just a whim, and there was no reason, real reason for it.

Q Were you referring to a transaction that took place in April, 1962? Let's have a look at your ledger card for a moment.

THE COURT: You won't find it there,
Mr. Weir.

THE WITNESS: No, I never was able to find it there either.

THE COURT:

Q Well, we can explain it to you. It's something like that old shell game, you know, with the three shells and the pea underneath it, and you start looking under which shell that pea is, well, this \$11,000.00 is something very similar. It can all be explained if you go over it very carefully.

MR. WEIR:

Q This is a credit to you of \$11,282.05 which went through

on April the 19th, 1962, and this, I understand was as a result of a substantial cattle sale.

THE COURT: Well, that's the clean-out, Mr. Brandley, was it? You were cleaned out of cattle, were you in the hospital at the time?

THE WITNESS: Yes, I was in the hospital at the time.

THE COURT:

Q And the Association and the bank went out and removed the cattle?

A Removed all of them.

Q And that's the \$11,000.00 the Association got, and the bank got \$2,000.00, is that correct, about, roughly?

A That's a little like the shellgame you have been telling about. I have never been able to pin down, and have never received a statement from the sale of those cattle.

Q Well, we had it here on the last day of the first week.

A Yes.

Q Now, if we can find it again, perhaps we will be able to enlighten you.

A Well, this is a ledger card I have also never seen, this particular ledger card.

MR. WEIR:

Q Are we correct in assuming that that particular transaction

cleaned out all of the cattle in your possession with the feeder association brand on them?

A The cattle in my possession were all cleaned out with any brand on, but I wouldn't care to state that that was, until much investigation, that that is the right amount that was paid ^{for} the cattle.

O Yes.

THE COURT:

2 You have the sales slip there, Mr. Weir, in that other little folder.

MR. WEIR: This one?

THE COURT: Well, it's in the folder, it may be in there. It's inside that, I think, the folder. Let's see---

MR. WEIR: Here's another one.

THE COURT: Have you got the other one?

MR. WEIR: This is probably the one.

THE COURT: \$11,000.00.

MR. WEIR: Would you like to have a look through these, Your Honour, while I continue?

THE COURT: Certainly. Yes, it is here, this is it. Here is the \$11,000.00 on the top.

MR. WEIR: Oh.

THE COURT: 91 steers, 12 steers, 103 steers, \$11,382.00.

THE WITNESS: This, I have never seen before.

I'm glad to get to see it once, anyway.

MR. WEIR:

Q You have never received a copy of this?

A Well, if it ever was received it was while I was in the hospital, and I never seen it. I never have seen it, because I have asked for it, and I never got it.

Q And this was the time that you were in the hospital?

A That was the time that I was in the Hospital. I had been sick at home three or four months before that. That's why I got in this mess.

Q Now, that particular transaction is dated April the 18th, 1962, and on April the 19th, 1962, which is marked Exhibit B-3, we have a letter which was sent by Mr. Hatch and Mr. Houlton, President of the Association, to Mr. Bradstock, Manager of the Canadian Imperial Bank of Commerce, Lethbridge, and it refers to you.

Have you seen this particular letter before?

A I have never seen that letter.

Q Well, this particular letter was read into the records before, as an exhibit, and it's---

THE COURT: Perhaps you should read it, Mr. Weir, so that---

MR. WEIR: This letter states:

"We are in receipt of your request for a report on the Noel Brandley Account and assurance that this condition

is not present anywhere else in the Association. In our business as we assume in any other kind of business, there is very little protection against deceipt. In our 25 years experience, we have been deceived in this same manner three times. This being the third. In each case the actual shortage of livestock on the premises was discovered in a matter ot two or three months as was the case here, but the deception had carried on much longer. There was one apparent weakness in the Brandley account of which we have been aware. This was the matter of three different financing groups backing one herd of cattle. Ordinarily we will not participate in an enterprise of this sort unless the cattle in with ours are owned outright by the feeder. In this case, however, our own bank was backing this man and the third party was one of the best operated livestock firms in Canada, we therefore felt justified. We are feeding in this manner in only one other feedlot in the Association and this party has been inspected every thirty days by our fieldmen.

Our account stood at \$22,134.79 for 225 cattle. We have a letter on file stating that 150 of these cattle were branded diamond T insert the balance had the association brands of the cleaver and the LF. We now have evidence of Mr. Brandley selling some of the cleaver branded cattle and all of the LF cattle. This was done by

having the brand inspector go directly to Mr. Brandley's farm and read brands there. The cattle would then be shipped to markets other than Lethbridge and proceeds go to Weiller and Williams so the proceeds would be held unless directed otherwise. The Association's dealings with Mr. Brandley have been somewhat different than our dealings with the bulk of our other customers. This was due to the large number of cattle involved and his apparent ability to buy and sell cattle. Not all of the cattle on the account were delivered to Mr. Brandley by the Association, although those with our brand were handled in that manner. Advances were made to Mr. Brandley on his own cattle and this was the reason for taking the aforementioned letter on the brands. This was done with the knowledge of the bank and the cattle were identified as being present.

On the occasion of our November visit, we made an over-all count, satisfied ourselves on a spot check of the brands, and let it go at that. To read all brands in November when the winter coat is long is impossible without clipping the cattle. At any rate, it has since become apparent that the branding he did was not related to who owned the cattle. We held a contract with him in which he agreed to brand, but apparently was only branding enough cattle to carry out his deception.

The principle involved of giving members advances on their own cattle must be defended. This has been a procedure we have carried out in a small way for many years. A member may want to sell his own calves to the Association and feed them out with Association cattle. We have approved this practise in the past and believe it to be sound.

We gathered 103 cattle which we intend to place on pasture which we have available and grow this account out. This may require two summer seasons to complete. We wish to assure the bank that our monthly visits to our feedlots as well as the fact that our fieldmen are in our feedlots several times during the year, leads us to be reasonably sure that such a condition does not exist in any other account.

Yours truly, Lethbridge Central Feeders Association Ltd.,
signed by Mr. S. W. Hatch, Supervisor, and H.G.Houlton,
President."

MR. WEIR:

Now, Mr. Brandley, you have no knowledge about this letter, at all?

I have no knowledge of that letter. There was never a brand inspector at my place that came and changed any brands. I am volunteering this evidence. And except for an odd steer that was in a load, that was reported to Mr. Hatch, there were never any Central Feeder

branded cattle shipped out to anybody else.

Q I take it, then, you do not feel that this comment about alleged deception was correct, then?

A No, I don't. In the fall of, in the early fall of 1961 there was nothing wrong with our cattle counts. There was nothing at all wrong, and I was sick for six months and I still don't know what happened to the figures, or the cattle. By the time I got around to know what was going on afterwards we were out of cattle, and evidently they had only taken four or five hundred. I knew before I went in the hospital that it was short, but I couldn't find it. But there was never any cattle sold to Lee Williams, for Mr. Williams, that wasn't Mr. Williams. The fact of the matter was, the boys branded about 60 or 70 head of Lee Williams calves, by mistake, with the triangle T, and Mr. Williams would be willing to verify this immediately, and when this crash came, either the Central Feeders, or anyway, Mr. Hatch, got about 75 head of Mr. Williams cattle. And that was an accident, and it wasn't meant to be done.

Q Did you have any discussions with Mr. Hatch around this time, regarding this particular letter, at least the content of the letter?

A No, absolutely not. That is the first I ever knew a letter like that was in existence.

Q Well, did you have any discussions with Mr. Hatch con-

cerning some of these points that are raised in this letter?

A What was the date of this letter?

Q This is April the 19th, 1962.

A Absolutely not. The last discussion I had with Mr. Hatch was that he said he would have to move the bigger steers, the bank would insist on it, but it seemed to me that we still had two to three hundred, we called them calves, they were really yearlings, that he would leave them with me through the summer to help pay out this indebtedness. Two days after I got in the hospital the trucks came out and loaded up all the cattle. I didn't even know it for a week.

Q But a week later you found out about it?

A The cattle were gone, but I don't think I saw Mr. Hatch again for a couple of months.

Q Yes. Did anyone else from the Association speak to you about any of the items mentioned in this letter?

A Never. That is the first I ever knew there was a letter like that in existence.

Q Would you have a look at your ledger card for just a moment, Mr. Brandley?

A Any particular part?

Q Well, after this particular date in question, after April the 19th, 1962. I see that in spite of this particular letter you did receive quite a number of

cattle from the Association after this time, didn't you?

A That's right. In April of this year, I think it was April, don't pin me on the days, I received a copy of my account, which I had been puzzled over, and also poured over half of the summer, from Mr. Hatch and Mr. Dogterom, who I assumed was appointed by the Bank, and I have that in my pocket, but it didn't have some of these figures on it.

Q No, you're referring to figures after that particular date?

A Yes.

Q After April of 1964?

A Yes. How did we get all in trouble after that. We didn't do any business after that.

THE COURT: Oh, well, according to the ledger, Mr. Brandley, between August the 31st, 1962 and October the 22nd, 1962, you took on feed, 24,000, 91 heifers, and 165 steers for a total cost of \$46,131.12.

THE WITNESS: I haven't got the total cost, but we kind of kept a book, after this, on our cattle.

THE COURT:

Q Let's see the big book.

A You can have our details on this, if you want, but roughly, between the fall of 1962 and the spring of 1964 we fed under contract with Mr. Hatch, I assume some

of them were profitable contracts, and some weren't, but under contract with Mr. Hatch we fed roughly 1,400 steers, under contract, steers and calves, and roughly 400 steers that were branded with Central Feeders meat cleaver brand, steers, heifers, and cows, we fed roughly 1,800 head.

Q From what period to what period?

A From the period of, let's see, when did it start?
In August, 1962?

Q Yes.

A We got roughly 209 steers and heifers, they were Central, we will designate them, if you care to, they were strictly Central Feeders heifers.

Q Well, I have 256 in these supplements?

A That got mixed into a C.D.M. deal which, C.D.M. is Canadian dressed meats, deal, which Mr. Hatch arranged for us, and there was a total of 76 steers, and 364 steers that fall, which would make, what, 440, 450.

Q You say, then, that there were a very much greater number, by far, than what are shown on the books?

A Well, yes. I can, after I got over being sick I kept a little track of business, not as good as I should, I kept track on the cattle, but I didn't keep track what was being credited to me on that book.

Q Well, charged to you, charged.

A Charged to me, excuse me.

Q Yes.

A No, no, I kept track of what was charged to me. I mean credited to me.

Q Well, there were charged in this three months in the fall of '62, \$46,000.00, covering these 165 steers, 91, heifers, 24 cows, and here are the statements, if you would like to look at them. They are all here.

A Yes. No, no, that's all right, but what I am trying to get out is, we made, Stu made a deal, and I did too, with Canadian Dressed Meats, to feed 500 steers. Now, to start with they didn't have their brand arranged, nor their money. So, if you will check those accounts careful you will find that most of those steers that were charged to my account, they were temporary branded with the Central Feeders Brand, and the Central Feeders brand remained on them, but as soon as the C.D.M. deal got fully underway the Central Feeders, or the book entry, resold those steers to C.D.M., but left them at my place.

Do I make myself clear to you,
clear as mud?

Q I don't see where you get any credit for that?

A Well, on this list they gave me there was a credit for it, but maybe this list is no good either.

Q Well, you gave me the, I think if they gave you a list it will be here all right. What is the date?

MR. PROWSE: On November the 5th he was credited with \$20,727.37, Canada Dressed Meats.

THE COURT: What date is that?

MR. PROWSE: November the 5th, 1962.

THE COURT: Oh, yes, yes.

MR. PROWSE: There is a credit there.

THE COURT: That's on there.

THE WITNESS: That, you see that, this time I'm going from memory, but that was for a little over a hundred of these big steers that were put in my place for the C.D.M, but before this deal was, before their financial arrangements were made to pay for them, it was charged to me and later credited to me. At least that's the understanding I had.

THE COURT:

Q I see. That is, that all these cattle in September that you got, most of them belonged to C.D.M.?

A No.

Q Well, half of them. I said \$46,000.00, and you say \$20,000.00 were C.D.M.?

A Yes, according to our records there was 209 steers branded with the meat, and heifers and cows, branded with the meat cleaver brand, charged to my account, and fattened by me, and sold through Central Feeders. The rest of the cattle we got in the fall of '62 for four hundred, I thought it was five, but when I checked

my records the contract was for five, but they only actually put 440 in, and that's, when this thing finally broke down that was the way it was. It was 209 steers and heifers that Central Feeders still owned, and 440 steers with C.D.M. They were at my place.

Q I am a bit confused, but go ahead.

MR. WEIR:

Q Well, Mr. Brandley----

A I'm not trying to confuse you, believe me I'm not.

THE COURT:

Q No, no, as you realize, I'm not a cattle man, and these various contracts, now, I thought I had, following your ledger account I thought I had it fairly straight, but now with your contracts---

A Well, there was another big one that fall too, through Mr. Hatch. A bigger one than these two put together, or just as big.

Q For Thompson?

A There was 600 calves, roughly.

Q Well, you got credit for that, didn't you?

A I got some credit, but it didn't look right.

Q You got credit for \$17,130.00?

A Did I get credit for that?

I couldn't find that on my slip.

Q January the 31st, Jim Thompson, deposit \$5,387.00, May the 26th, wintering of 581 calves at 30¢, and the

total was \$17,000.00 and they took off the deposit, left \$11,742.00, and the total \$17,130.60.

A Well, that's not too far wrong, then. That wasn't what this, I left that one page home, evidently. That one thing they gave me showed, it showed about \$15,000.00, but that was still in this same, these deals were all through Mr. Hatch and the Central Feeders Association.

MR. WEIR:

Q Mr. Brandley, you're referring to a \$15,000.00 credit. Could that be this particular one, December 31st, 1963 credit of, what appears to be, \$15,781.19, Canadian Dressed Meats?

A You mean I'm referring to that, to Jim Thompson's calves?

Q Well, I'm wondering whether you, you mentioned \$15,000.00--

A Oh, no, no. I know all about that, that's another story.

THE COURT:

Q No, that was an amount of money, Mr. Weir, that Mr. Brandley got credit for that he shouldn't have got credit for, I think. That's the story as I get it, is that correct?

A Yes, and no. I fed and fattened and, Your Honour, you have looked into this enough now to know that it costs a lot of money and a lot of feed to fatten a steer, I fed and fattened and signed over all proceeds to Central Feeders, 450 steers one year, and 350 steers the next year. I have the incoming dates

and the outgoing dates. This is part of my Central Feeders deals in the past two years.

I have yet to have seen any statement from Canadian Dressed Meats, or from Mr. Hatch. I have nagged at Mr. Hatch a dozen times to get a settlement on what we was supposed to get out of this, because, this is a lot of steers.

MR. WEIR:

Q Yes.

A 800 head of steers, out of these steers. So one day he called me in and told me that by mistake we shipped, I forget, two loads of steers, I think, no, three loads of steers, on their request we shipped three loads of fat steers into them, and instead of pro-rating our gain and paying us for it, they had made a mistake and put the total value, the three loads of steers, to Central Feeders, and Stu said before he noticed ^{it} it/had been put in my account, and I said, well, Mr. Hatch, as far as I am concerned, I would like that left in my account until Canadian Dressed Meats are forced to give us a statement of our operations.

The same thing came up in April, and they told me that they would have to give that back, and I said, well, if you are acting as my agents don't give that back until we find out we haven't it coming, you see, because, I will never know what

happened on that deal. We fattened those steers, and we did a good job, and we used thousands of dollars worth of grain, and I can't see only fifteen, sixteen thousand dollars come back out of 800 steers, it's ridiculous.

Excuse me for ranting, but I wanted to get that straight in everybody's head.

MR. WEIR:

Q Well, Mr. Brandley, after April the 19th, 1962 you have told us that you received, through the Association, quite a substantial number of cattle?

A That's right.

Q Now, does this seem strange to you that no one mentioned anything to you about the items mentioned in this letter by Mr. Hatch and Mr. Houlton to Mr. Bradstock, dated April the 19th, 1962?

A It seems very strange to me.

Q Nobody mentioned anything to you, at all, about the content of this letter?

A Never, this is the first glim I have had that there was a letter like that in existence.

THE COURT:

Q Didn't the bank argue with you, at all?

A I, after the spring of '62, I don't mind telling you the rest of it now, this other business is not Central Feeders but you might just as well know it, I owed the bank a lot of money, this was in a mess, and I took the blame

for it, because, after all, it was me that let this thing escape, it wasn't anybody else, and I gave the bank, immediately, everything I had, besides the cattle.

Q You gave them a mortgage?

A Voluntarily gave them a mortgage on my farm, and my machinery, and---

Q That was for \$156,022.91.

A I wouldn't swear to the exact amount.

Q Well, it is on your title.

A Yes. And that, as I think Mr. Bradstock, or any member of the bank, Imperial Bank, would know, was done not on demand or anything, it was done willingly, as an offer to try to get it so I could go on and pay these things out.

So after that I, and then, naturally, I couldn't finance out of this bank, so I was in that bank after that just about as little as I could be.

MR. WEIR:

Q I'm showing you a cheque dated December the 18th, 1963, payable to you by the Association in the amount of \$1,000.00 with your, this is your signature on the back of it?

A That's right.

Q And then there are some notations here, 2/100.

A Yes.

Q Another dash, \$200.00. So, I presume that means two \$100 bills, making a total of \$200.00?

A That's right.

Q Underneath that, 10 \$50 bills, \$500.00, 15 \$20 bills, \$300.00, making a total of \$1000.00 cash---

A Yes.

Q Which was given to you?

A Yes.

Q Why would you want \$1,000.00 in cash?

A At that time the Central Feeders had a lot of cattle at my place, put by their request and my request, and they had agreed, that's where these big advances come in, they had agreed to finance my feed and my operation if I would look after these cattle, and if they make money I supposed to leave them the profits.

Approximately, a little before that, and I never did have much money in the bank after that, I was going from hand to mouth, but one of these, I can't remember the exact details, but one of my other creditors had seized my little bank account, money I was supposed to use to pay the men that feed the cattle, and to pay the feed, and after that for the next three or four months, until this thing finally got on a better basis, with my new partner, I fairly well operated on a cash basis, because I didn't figure it was fair for the Central Feeders to advance me money,

or to buy feed to feed their cattle and have somebody else get it.

Does that answer that question?

Q These accounts, then, for the, I have just made notations of---

A I think you will find more cheques like that.

Q December the 27th, 1963, \$500.00, which indicates the amount of cash, bills you received?

A That's correct.

Q January the 22nd, 1964, \$750.00, which was cashed, February the 10th, 1964, \$500.00, that was cashed, January the 30th, 1964 although, that could be 31st, I have 30th, 1964, \$500.00, December the 18th, this is the one we have just discussed---

A Yes.

Q \$1,000.00, and October the 23rd, 1962, \$1,000.00.

A That's---

Q And November, I'm sorry, March the 13th, 1963---No, this wasn't cashed, I'm sorry.

A Yes.

Q Now, there could be more, but I only made a notation of these.

A I tell you there could be more, I didn't keep track of it, but I kept receipts for everything I paid, which has been, and will be, filed with the accountant when I make my income tax.

Q But this was the reason that you---

A That was the reason.

Q Got cash for all of these cheques?

A That was the reason.

Q Even as far back as October the 23rd, 1962, that cheque for---

THE COURT: Well, that's just one cheque.

MR. WEIR: Yes.

THE COURT: I don't think you see anymore---

MR. WEIR: No, not in around that time.

THE WITNESS: No, back there it wouldn't be that reason and I can't remember the---

MR. WEIR:

Q And this money was simply used to buy you to operate, your operating expenses and so on, cover your operations?

A To feed these cattle.

Q Yes. Did you give any monies, whatsoever, to Mr. Hatch?

A You mean Mr. Hatch, personally, or Central Feeders?

Q No, to Mr. Hatch, personally?

A Never.

Q So all of this money that you received in cash, this was all used for, what one would normally consider to be the operating expenses of a cattle feeder, feed, and supplies, that type of thing?

A I ran a rough figure on that last night. I might say that I made, my 1962 income tax was all filed. I didn't

make any money in '63, but I certainly kept track, and I neglected to file my incometax, but I have a registered letter now, making me, so we are working it out, but I checked, in those two years something over \$70,000.00 was paid out directly, with proof of payment, directly for feed grains.

Q Yes.

A To feed Central Feeders cattle, and I think you will find when you look through those advances that will come awful close to balancing that out.

Q I am showing you a bill of sale dated October 3rd, 1963, Mr. Brandley. It is between you, and the other party to the, to this transaction is recorded as being, Honourable E. W. Hinman of the City of Edmonton, of the Province of Alberta, Provincial Treasurer. Now, this---

THE COURT: What is the date of that?

MR. WEIR: October the 3rd, 1963.

THE COURT: And the amount?

MR. WEIR: The consideration is \$26,700.00, and then it refers to hay, the breakdown of it, hay, \$9,800.00, sileage, \$4,000.00, barley, \$8,400.00, oats, \$3,000.00, and straw, \$1,500.00, for the total of \$26,700.00. Is that correct?

THE WITNESS: Yes. Could I look at it, though?

MR. WEIR:

Q Oh, certainly.

THE COURT: That is a photostat, Mr. ~~WEIR~~.

THE WITNESS: Yes, that's all right, I realize that.

Yes, that's correct.

MR. WEIR:

Q And this is your signature---

A That's correct.

Q A copy of which appears in this---

A Yes.

Q And were you present when E. W. Hinman signed it?

A No, I wasn't.

Q You weren't. Do you recognize this as being his signature?

A No, I don't. I wouldn't recognize his signature.

Q Well, could you give us more particulars about this particular bill of sale, why it was executed?

A Yes. That was some more of my carelessness, and maybe even Mr. Hinman's carelessness.

In the spring of '63 I was in such financial troubles it was impossible for me to plant and operate my large irrigated farm. I went to Mr. Hinman, who is an old friend of mine, and I have known him for years, and asked him if I couldn't make some kind of arrangements to get money to keep this farm operating. He said he didn't have the money, but

he could borrow the money, but he needed some security, and the only security, my land was mortgaged, I had no cattle, my machinery was mortgaged, the only security I had to give him was the growing crops. So he advanced me now. this is memory again, but the amount will be right, but the dates I'm not sure about, \$5,000.00 in May, \$5,000.00 in June, \$5,000.00 in July, and two other items, to help harvest. I mean, I'd have to get into some books to find out what they are, but it would run to \$20,000.00 or over.

Now, I gave him, in return, at that time, I signed him a note. I can't remember whether I signed it or agreed to sign a lien note, but Mr. Hinman and I are old friends and I'm not even sure he took the note, but anyway we were supposed to sign this lien note and have it registered against this crop, so that any other creditors that I owed couldn't come against him, before him, who was advancing the feed to make this crop possible. He was supposed to get it first.

Well, we got all busy, and the next thing we know there was X number of dollars of my debts that I had a judgment given against me, and the Sheriff seized this hay and grain and it was, in actuality, Mr. Hinman's, but we hadn't registered the note. So we immediately went to, I got in touch with

Mr. Hinman, and he said I should see a lawyer, and I immediately got in touch with Mr. Brandley, and he said, well, the hay and the straw and the grain actually belong to Mr. Hinman, to the tune of what he loaned you. Why not now, instead of registering a note, why not register a bill of sale, and that's what was done here.

Q And then this is the particulars, as set out on this bill of sale, dated October 3rd, 1963?

A That's right.

Oh, now, something else come to my mind, this figure was confusing me, because I know that Mr. Hinman didn't loan me \$26,700.00, but against this same feed had already been filed a seizure of some \$4,500.00 for what not.

Q Yes.

A But this figure was confusing me, because I know Mr. Hinman didn't loan me that much money, but this feed was valued at this much and Mr. Brandley said that before Mr. Hinman could take this feed he would have to pay these seizure creditors out.

Q I see.

A So make it big enough to cover those seizures.

Q I see.

A Now, my memory is good again.

Q So these seizures, by virtue of judgments that were filed, that were paid----

THE COURT: Oh, he said Mr. Hinman would have to pay the judgments.

MR. WEIR:

Q Mr. Hinman would have to pay the judgments?

A Before he could capitalize, or sell, or get his money out of this feed.

Q Now, what were the cheques that you recall again, now? There were---

A There was one to Ellison Milling--

Q No, no, I'm thinking of these cheques to yourself that made up the difference.

A Oh, well, there was five, and five, and five, and I think \$2,500.00, and it seems to me there was another smaller one, but those four cheques I am sure of.

Q Yes. I'm showing to you, Mr. Brandley, a certified copy of the memorandum of the association of Two Arrow Ranches, and at the bottom of this document there are two signatures, which are rather faint.

A Which two---

Q At the bottom. Do you recognize those two signatures?

A Here, and here?

Q Yes.

A Well, I don't know, I can't even see it, but, let's see, which Hinman is that? This is Edgar Hinman, that's E.W.Hinman.

Q Yes.

A This looks like Nolan Hinman, but was that, would my name be on that? Would one of those signatures be mine? I can't see anything on that.

Q No. Not signing the memorandum of the Association.

A Oh.

Q But this documents refers to the fact that it was filed, it was registered on February the 12th, 1964.

Yes.

A Then, I'm showing you a document which is entitled, return of share allotment by Two Arrow Ranches Ltd, and it refers to---

THE COURT: What is the date of that one?

MR. WEIR: This is dated March the 26th, 1964.

Q Now, would you read the names here with the corresponding---well, you read the names down here. The first name?

A That's me, Noel Brandley.

Q And it indicates that you received 1,000 shares at \$1.00 a share, and over here in this second from the last column it indicates that you haven't paid this \$1,000.00, is that correct?

A That's correct.

Q Now, the second name?

A That's Theodore Brandley.

Q And the same number of shares, for the same total of

\$1,000.00?

A That's right.

Q And this indicates that these \$1,000.00 worth of shares haven't been paid for?

A That's right.

THE COURT:

Q Is he your son, Mr. Brandley?

A That's my son.

MR. WEIR:

Q The next name?

A Kathleen Brandley.

Q And---

A That's my wife.

Q This indicates the same number of shares for the same amount of money, and \$1,000.00 owing on these shares, as well?

A That's right.

Q The next name?

A Nolan E. Hinman.

Q And this indicates the same amount of shares for the same consideration, although it says these 1,000.00 worth of shares were paid for?

A That's right.

Q The next name?

A Dell Hinman.

Q The same number of shares for the same amount of money, indicating that these \$1,000.00 worth of shares were

paid for?

A That's correct.

Q The next name?

A Edgar W. Hinman.

Q The same number of shares for the same amount of money, indicating that the \$1,000.00 was paid on those shares?

A That's right.

Q And here is a document which is entitled, Certificate of Incorporation, from the companies branch, indicating that the company was incorporated on February the 12th, 1964?

A Yes. Well, naturally I don't know much about details like that. I probably glanced at that, but---

Q And here is a document which indicates a notice of the directors of the company, Two Arrow Ranches Ltd. Would you read the names that appear on this particular document?

A Edgar W. Hinman, Edmonton, Provincial Treasurer.

Nolin E. Hinman, Calgary, Business man.

Noel Brandley, Monarch, Farmer.

Theodore Brandley, Monarch, Farmer.

Q And this is registered, or was registered on March the 26th, 1964.

Then there's one more return of shares allotted by Two Arrow Ranches Ltd, and this was registered on May the 11th, 1964, and it indicates that

that on April the 18th, 1964---

A That;s right.

Q Edgar W. Hinman was issued 2,500 shares at \$1.00 a share for paid value of \$2,500.00?

A That's right.

Q And it indicates that this money was paid into the company for these shares?

A That's right.

Q Now, would you---

THE COURT: Have you any other documents, or, I was going to suggest thatthe whole number of documents---

MR. WEIR: There is one more, but this is a Land Titles document, sir.

THE COURT: Well, it's the same---

MR. WEIR: Yes.

THE COURT: Put them all in together, and attach them.

MR. WEIR:

Q This document is a Land Titles transfer from, photocopy of a transfer of land from Noel Brandley of Lethbridge in the Province of Alberta, farmer, to the Two Arrow Ranches Ltd, and the consideration is indicated to be \$120,000.00?

A That's right.

Q And this is your signature at the bottom of this transfer?

A That's right.

Q Would you like to have the bill of sale entered, as well in this one exhibit, then?

THE COURT: I think we should have them all in, together with the abstract.

I think we should probably put them all in as one exhibit, F-9c.

EXHIBIT F-9c.
A number of documents.

MR. WEIR: Your Honour, before we proceed further would you like to have a short recess?

THE COURT: I think we should have 15 minutes recess.

(FIFTEEN MINUTE ADJOURNMENT)

MR. WEIR: Mr. Brandley, you acknowledge the fact that you're still under oath?

THE WITNESS: Certainly.

MR. WEIR:

Q Mr. Brandley, immediatly prior to the recess I showed you this transfer from you to the Two Arrow Ranches, of what appears to be your complete farm at Monarch, is this correct?

A There was one quarter section accidentally not put in there, and when later, the Prudential Mortgage company, who I understand Two Arrow re-negotiated the mortgage with, found that that wasn't in there, and later in the summer the other quarter was put in.

Q Now, the consideration indicated on this transfer is \$120,000.00 that you acknowledge to have received from the Two Arrow Ranches Ltd?

A Yes.

Q Well, have you, in fact received \$120,000.00 from Two Arrow Ranches Ltd---

A No.

Q As marked consideration in this transfer?

A That was less than the amount of the secured mortgages that were already against Two Arrow Ranches Ltd.

Yes, in other words I have received that, but I didn't receive it at this time. I received it when I received the credit to put the mortgages on.

Q To put the mortgages on?

A Well, there was a \$57,000.00 Prudential Mortgage, and, now, these are out some, these figures are nearly accurate, but I haven't got paper on them, and there was \$150,000 some to the Canadian Bank of Commerce, second mortgage. '

Q Was this total amount owed to them?

A Total amount owed to them. Now, I---

Q Or was this the original amount of their mortgage?

A Well, it was the original amount of the mortgage, plus interest. There had never been a payment to the Canadian Bank of Commerce.

THE COURT:

Q Well, they got \$2,000.00.

A That was before the mortgage was given.

Q Oh, I see, fine.

MR. WEIR:

Q Well, of your own knowledge, what did Two Arrow Ranches, in effect, pay for your farm? It indicates in this transfer \$120,000.00. I am just interested in your understanding of the breakdown of this \$120,000.00.

A Well, my understanding was that that paid the Prudential Mortgage Company, and paid out---

Q Can you recall how much, now, again?

A I think it was something around \$56,000.00 or \$57,000.00, including interest and taxes, they were paid, and everything.

Q Okay.

A But now, I'm not swearing that that's the right figure, but it is in the neighbourhood of that.

Q It's your understanding of what the figure was?

A Yes. Well, it's my memory of the figure, let's put it that way.

Q Yes, okay.

A I know the figure, I have it at home, but that's my figure of it.

THE COURT:

Q There was a foreclosure started?

A That's right, and that included that, and the settlement made with the Canadian Bank of Commerce on my 100 and, what was it, \$150,000.00, or something, plus interest.

MR. WEIR:

Q This is a note you had with the bank?

A No, that was the second mortgage on the land.

Q This is the mortgage, okay.

THE COURT:

Q Well, you say a settlement. What do you mean by that, Mr. Brandley?

A Well, I don't know the exact details, but I think they had this second mortgage on the property which, altogether, made it more valuable than the property was, and I think, I really think you will get all that testimony a lot better when you have Mr. Hinman on the stand.

THE COURT:

Q Fine, all right. But anyway, the mortgage has been settled?

A That's right.

Q Well, now, the grape vine tells me that it was settled for a lot less money. Now, who gets the credit for that?

A Well, I imagine eventually I will receive some credit for that, if we can ever get the ranch going and paid up. It depends what the ranch becomes worth.

Q I see.

A As of today, as of the day we took this we considered

that, that was considered in there, that was approximately what it was worth.

MR. WEIR:

Q Did you receive any monies, cash monies, yourself?

A Cash monies?

Q Yes. Money for yourself in consideration of this transaction?

A We had money that Mr. Hinman had put into this deal before these transfers were drawn. He had already invested, I don't know exactly how much, without going into a book. I'd imagine that's why his shares in the company are paid up. Now, I don't know just how they are paid, I haven't checked the company books that carefully, but I imagine that this money that he has advanced to, because this 120, by the way, didn't pay up, quite pay up the settlement, and the Prudential Mortgage Company, including other things that had to be paid, so I never received any amount of cash to put in my own pocket, no.

Q What is your position in this company now?

A I think that you will find, in the minutes of the thing you will see that I am the manager, the vice-president and the manager of this ranch.

Q And you're on salary, I presume?

A I am on salary.

Q At the time of the incorporation of this company were

there any discussions between you and Mr. Hinman involving the money that you owed the Lethbridge Central Feeders Association?

A There was.

Q And would you tell us the extent of these conversations?

A Well, the gist of it was, that I, at that time, if my memory is correct, and I think it is, I went to see Mr. Hatch and our account then stood, the figure I got then was, now, I'm not sure whether it was \$58,000.00 then, or looked like it would be \$58,000.00. I'm not sure the last the of those cattle went out before this discussion or afterwards.

THE COURT:

Q Which date was that, Mr.---

A This would be around that this company was incorporated.

Q What time is that, February?

A Would it be in February, or March?

MR. WEIR:

Q It was incorporated in February the 12th, 1964.

A Yes, it would be around there.

Q Well, around that date your account balance is somewhere in the vicinity of \$37,000.00.

THE COURT: Oh, no, wait a minute, which account are you looking at?

THE WITNESS: No, there was another account too.

He had 14 accounts.

THE COURT: February the 10th, one account was \$37,000.00.

MR. WEIR: That's the members account I was reading.

THE COURT: Pardon.

MR. WEIR: I was just reading from the members account.

THE COURT: That's in 1964.

MR. WEIR: Yes.

THE COURT: And the other one was \$23,900.00.

MR. WEIR: Approximately, yes, \$24,000.00.

THE COURT: So the two of them amounted to \$62,000.00, approximately.

THE WITNESS: Well, my memory, the figure I got from Mr. Hatch, then, as I remember it, again this is just memory, was that it was around \$58,000.00.

THE COURT: Oh, I see.

THE WITNESS: But I had told Mr. Hatch that I didn't think it was right, that we had never had a settlement from this business that we were talking about this morning, and I also informed Mr. Hinman that I didn't think it was right, and while, he, I have never been one to not pay my debts when I could, and while we had had no idea of repudiating this debt, and by the way, we still haven't, it was strictly understood that he would not assume responsibility for it, but we

notified Mr. Hatch---

Q You're referring to Mr. Hinman? Mr. Hinman would not assume---

A Yes, but Mr. Hinman and I both notified Mr. Hatch that as soon as we got this deal working that if Central Feeders, we wouldn't ask for any more feed advances or anything else, but as soon as we could raise feed on this large irrigated farm we would take a certain number of cattle each year and fatten them for them and let them have all the gross proceeds, and, Mr. Hinman made it very clear that he, personally, was not assuming any liability for this cattle company.

Q ~~Was~~ Two Arrow Ranches Ltd. assuming any portion of these liabilities---

A No.

Q So this was to remain your debt?

A That was my liability.

Q Your personal debt?

A Except that Two Arrow Ranches Ltd would work in with me to supply feed and help me pay my debts.

Q Was there an exact figure there agreed upon that Two Arrow Ranches Ltd would supply for feed?

A No, no.

Q Was there a certain number of cattle that were referred to over a period of years---

A Oh, we talked about, when the company started to make money

it was more kind of considered a bonus for me for managing it, that I would be allowed to feed 100 or 150 cattle a year, take---

Q To help eliminate this---

A Take them when they are small and over a period of 6 or 7 years it looked like that thing could pay out.

Q The Association has been approached---

A They were approached on that in the spring.

Q And was there a definite agreement entered into?

A No, there was no definite agreement. The reason that they were approached was that I didn't want them to think that I was repudiating any part of it that is absolutely honest, because I'm not, and when it is all threshed out and we eventually find what we really owe, well, then we will have to make some kind of an arrangement to work it out some way.

Q What about the machinery that you formerly had, Mr. Brandley? We have no documents before us today that indicates clearly what happened to this machinery.

A The machinery was also included in the mortgage to the bank. They had a chattel mortgage on the machinery. The Prudential Mortgage Company didn't. Now, against the machinery was some \$4,000.00 in a bank loan, which couldn't be, which was a government, what do they call that---

THE COURT:

Q Farm Improvement?

A Farm Improvement loan, which has since been paid, against the machinery was something like \$5,000.00 to the Massey Harris Company, which has not been paid, but which has been assumed, when the Two Arrow bought the bank's mortgages the machinery was also transferred to Two Arrow, subject to these debts that was against it.

Q Mr. Brandley, in March the 8th, 1961, there is an item indicating \$10,000.00, and it indicates too, it looks like, to charge cattle in error, which in effect, increases your account from \$10,584.32 to \$20,584.32.

A I don't know what that is.

Q Here is a cheque which is dated the previous month to you by the Association, February the 7th, 1961, a cheque payable to you in the sum of \$10,000.00. Is this your endorsement on the back of this cheque?

A Yes, it is. What happened to that cheque where did it go?

Q February the 7th, 1961, with the stamp of the Imperial Bank of Canada, Lethbridge, it would appear, although it is---

A What date is it?

Q February the 7th, 1961.

A Yes. Well, that went in with my operating account, that was for a feed advance, or cattle, or something, I just can't remember, but if it was self it went into my

income tax.

Q There is no particulars mentioned on this---

A There is no particular significance of that one cheque, in my mind.

Q Well, the thing that strikes me as being just a little unusual is the fact that it doesn't accord itself on your account strictly as self, which the others seem to.

A No.

Q It says, to cattle charged in error, \$10,000.00.

A Well, I can't understand it any more than you can.

Q Well, I just thought you might be able to.

A So there is no use asking me, because I couldn't tell you, no matter how I tried.

THE COURT:

Q Was there any discussion at that time, Mr. Brandley, about the necessity of, oh, not showing your account too high for a month or so?

A Never with me.

Q Any discussion so far as the bank was concerned?

A No, no. Well, there was always a discussion that he was trying to keep my account down, because it was getting too big.

Q You see, what happened in this case, this \$10,000.00 was kept out of your account for about a month, through this error. Now, the question is, we can't understand

why \$10,000.00 made payable to you in a cheque should be charged to cattle, for a month.

A Well, I---

Q You don't know?

A I can't remember that individual cheque. I was going to say that there were considerable cattle of mine that sometimes Central Feeders bought, and sometimes I hired them as a commission firm to sell them, and those things were moved back and forth in accounts, but I can't remember that cheque.

Q All right.

MR. WEIR:

Q Mr. Brandley, I am showing you once again this bill of sale that we have already referred to, indicating the consideration of \$26,700.00.

A Yes.

Q You have indicated the reasons for this, and the three specific advances in particular that you received from Mr. Hinman in the amount of \$5,000.00. Were there any other loans that you received from Mr. Hinman?

A No. I told you there might be one small one after that. We were in harvest and I can't just remember, but it seems like, Mr. Hinman will probably have it down, he is a good bookkeeper, it seems like there was one further small one, that fall.

Q What about May the 17th, 1962, an amount of \$10,000.00,

do you know anything about that one?

A Yes, I know all about that one.

Q Well, you tell us about that one.

A Yes. That was just after I come out of the hospital, and that year we couldn't operate, and I asked Mr. Hinman if he could help me. Now, this time there was no business connection between Mr. Hinman and I, at all, and he said he didn't have the money, but he had a body of land at Glenwood. Now, I am forgetful whether it was three quarter sections or a section, but anyway it was X number of acres, and those titles were clear, and if I wanted to use those as collateral to try to borrow \$10,000.00 til fall it was perfectly all right with him.

Well, I took these collaterals out to Mr. Hatch, and he said, no, he wouldn't loan me \$10,000.00 on them, but he would loan Mr. Hinman \$10,000.00. So he mailed Mr. Hinman a cheque, or sent it to him, he didn't see him. He mailed it to him, sent it to him, and Mr. Hinman issued me a cheque for \$10,000.

Q So you received a cheque for \$10,000.00?

A I did, from Mr. Hinman, not from Central Feeders.

Q Yes, and this would be drawn in Mr. Hinman's account in Edmonton, would it be, or---

A The cheque Mr. Hinman gave me was drawn, if I remember correctly, on the Bank of Toronto in Edmonton, but that's not---

Q It would be the Toronto-Dominion, probably?

A Yes, but, well, you know what I mean.

Q Yes.

A But that's not positive, that's just memory, it was drawn on a bank in Edmonton. I remember, because I argued about paying exchange on it.

Q Now, this \$10,000.00, this has nothing to do with this particular \$26,700.00, does it, or does it?

A No. I don't think it does.

Q This is in addition?

A Yes.

Q Now, how was this money to be repaid?

A That summer, and again my books are very vague, at the time we made this deal, we have a very large hay farm, and at this time we were completely out of cattle, and I had thought that we could sell enough hay to pay this \$10,000.00 back. I went to Mr. Hatch and he said, I need a lot of hay in the holding pens. That was even considered, we even talked about that when the money was being loaded, and he said Canadian Dressed Meats need a 100, or 200 ton of hay, so during that summer we hauled considerable hay and delivered it to Mr. Hatch's order. We received some money on it. Now, my income tax will show what money I received on it, but frankly, right now, I can't remember, and the rest was

supposed to be applied to reducing Mr. Hinman's account of this \$10,000.00. Now, it wasn't that much.

Q Well, the original understanding, though was that the Association would be buying hay---

A From me.

Q From you?

A Yes.

Q To the tune of approximately \$10,000.00, plus the interest?

A Yes, yes. Which they did, indirectly.

I think the next question you ask me is going to explain that.

I don't think you can tell me, but you can ask me?

MR. WEIR: Well, I hope so.

Q On December the 31st, 1962, there is a notation in your account, transfer from Hinman \$7,767.99. Now, is this the balance of the \$10,000.00?

A Evidently it was, as far as, which I'm not agreeing to right now, as far as after due search, as far as the books were right.

Q Yes.

A And I would like to make an explanation about that right now, if you wouldn't mind me.

Q Go right ahead, please.

A In the meantime we had taken, this is the fall of 1962, we had taken 200 odd head of Central Feeders Cattle to fatten under Stu's direction, Mr. Hatch's direction. We had also taken 450 C.D.M. cattle to fatten, under his direction, and all proceeds from fattening these cattle would go to Central Feeders. We had taken 600 head of Jimmie Thompson's black heifer calves to winter, under a contract of \$30.00 a head, and all proceeds again to go to Central Feeders.

In return for us feeding these cattle he had agreed to finance the feed. Now, part of the feed that he had agreed to finance was the feed that was available on the farm, which was way more than \$10,000.00 worth, and I said that in order, if this feed was going into Central Feeders cattle, into cattle that they were hoping to get my old account paid up with, that Mr. Hinman would have to be paid up, because, morally, the feed belonged to him, because he put up the \$10,000.00 to run it, or at least he assumed the obligation for the \$10,000.00, and that was agreed upon, and that's why, after a couple of months, or three months later, this was transferred.

Q Now, would you look at your Member's ledger card with me. Now, this is strictly the member's ledger---

A Yes.

Q After February the 12th, 1964. There are still a number

of advances to you. There is one for \$750.00, another for \$500.00, another for \$200.00, and a number of other entries, which, if I'm not mistaken, would be payments of judgments. Would this be correct?

A That's right.

Q And cattle purchases, as well, at least, it would appear to be cattle purchases here---

Q Cattle purchases in the spring of 1964?

Q Excuse me.

Q There was no cattle purchases in the spring of '64 with Central Feeders money.

THE COURT: I don't think there are any.

MR. WEIR: I was just looking at this one item, Your Honour, of \$15,608.64---

THE COURT: Oh, well, that's that, he has told us all about that.

MR. WEIR: Oh, that's right, yes.

Q Did you mention to Mr. Hatch about the exact date when Two Arrow Ranches Ltd was formally incorporated?

A Well, we said we were going to form it this spring before we start the farm. That was as near as we told him the exact date it was going to be formed.

Q Well, did it seem strange to you, at all, that you were receiving personal advances from the Association and they were to be in your personal ledger card, rather than in an account opened for Two Arrow Ranches Ltd?

A No. At that time there was, and this is entirely memory, because I haven't even checked the outgoing dates, at that time there was probably 150 steers and 100 heifers of Central Feeders and C.D.M.'s still left on the place, that had to be tended to, and that particular contracts were never going to be turned into Two Arrow Ranches Ltd, because they were going to be liquidated and delivered before Two Arrow took over, and that money was to assist in the tail end of feeding those cattle. I thought we had it coming, it was a bonus for feeding cattle.

Q Now, there's only one other area that I am particularly interested in now, Mr. Brandley, before concluding, and that is an item that was mentioned earlier by previous witnesses, and it involves some Church calves that were purchased by the association, and as I recall, I am just going strictly from memory now, there were four separate arrangements made with these cattles involving the Association, three of them, as I recall seem to be the regular routine of farming out cattle through the Association, namely, that the amount for the value of the purchase of the cattle would be charged to the member's account, and then, as I recall, there is evidence that has already been introduced to the effect that you received some of these calves in a somewhat different manner.

A That's right.

Q Now, would you explain to us the circumstances surrounding this particular transaction, as far as you---

A Oh, gladly, because this time our nose is really clean.

In the fall of 1963, according to the testimony I have already given you, Mr. Hinman owned the feed on the ranch. He had also, we were negotiating to turn the deal into Two Arrow. We felt that we would have that done before fall. So any long term feeding contract that I made that was going to carry over into next summer, Mr. Hinman had to be in on.

Mr. Hatch called me on the telephone and he said, I'm stuck with 400 of these Church calves that we have bought, and they are in the Holding Pens, and I can't sell them. Will you take them? And I said, well, how do you mean, Stu. And he said, will you buy them and let me charge them to your account, and I said, absolutely not.

Q Why did you refuse?

A They were bought way too high. We had, by the way, at that time I was also looking after, by that time I was doing the actual managing of Mr. Hinman's Peigan Ranch when he was in Edmonton, and we had negotiated selling his calves which were just as good, for 7 or 8 ¢ a pound less, why would we go pay 35¢ a pound. That's what they would cost by the time they delivered them.

So he said, can you feed them for us on something the same deal that we made with you last year on the Jimmie Thompson calves, and I said, certainly. We have got lots of the kind of feed that the calves need, you mostly winter them on hay, but I said, I will have to check with Ted, because, by Ted, I mean Mr. Hinman, I'll have to check with Ted because this deal is going to run into next summer, and it will have to be his deal not mine, because the feed is his.

So, I phoned Ted and we agreed what we could winter them for, then I went in to see Stu, and he offered me 16¢ a pound to winter them, and I just laughed.

I can still remember the conversation. He said, well, I can get Mr. Hill, across the street, to winter them for 16¢ a pound, and he said go ahead.

Q Who said go ahead?

A I said go ahead.

Q Oh, I see.

A The Jimmie Thompson deal, if you will recall, called for \$30.00 a head, and we were only supposed to get 100 pounds gain to winter, that's 30¢ a pound, but I said, we will do this with you, Stu, to help you out, we will do this, we'll take these calves subject to certain conditions. We will feed these calves until the last of, well, I don't remember whether it was the 1st of October or the

last, but anyway---

Q Around October of 1964?

A Yes. We'll do that for 16¢ a pound if you'll stand the first 3% death loss, and half of any death loss from there on, and if you will pay all vaccine and veterinary bills.

Now, that was strictly a verbal contract. He said, all right. So we received delivery of the calves, and by the way, Your Honour, we have never been able to get a weigh bill on those calves, either.

THE COURT:

Q What do you mean, a weigh bill?

A A weigh slip.

Q Well, here they are, right here?

A Well, we have never seen them, neither Mr. Hinman or I. The incoming weights?

Q How many calves did you get, 397?

A 396.

Q Well, here is 397---

A I know. I called Stue about that and he said well, they had sold one for a club calf.

Q The gross weight, Mr. Brandley, was 163,715 pounds, with 3% shrink, netted 158,805 pounds, 33.90¢, \$53,866.65, plus \$233.00 profit.

A Well, they money I wasn't interested in, but maybe we will be interested sometime later, looking at the bills.

Q Well, what difference does it make on the weight---

A On the weight?

Q On the gain?

A Well, we got the gain in weights, you see.

Q Well, are you suggesting these weights aren't correct?

A No, I'm not suggesting it, only when, most times when we buy cattle we do like to look at the weigh slips.

Q Yes. These weights are exactly the same on your cattle as on Mr. Hatch's, and on the rest, Mr. Paxman, and---

A They were all the same, were they?

Q All the same, practically.

A Yes, What they did then, it looks like they took the average weights.

Q That's right. It says average weight 400---no, yours averaged out at 400.12 whereas Mr. Hatch's averages at 3, no, Mr. Paxman's is 361, and Mr. Hatch's at 364.

A Yes.

Q Are you suspicious, then?

A Yes.

Q There is a difference of 36 pounds per animal there that was charged to you, over and above Mr. Paxman and Mr. Hatch.

A Well---

Q I don't know what the United States and Ontario calves--no, it's pretty difficult.

Anyway, they are all here, if you want to look at them at any time, the whole deal.

A Well, that can be checked at other times.

Then, on with the story; these calves are not supposed to have horns, and this is another touchy point, but when they came they all did have horns, and it was cold, and I didn't want to dehorn them until spring, but Mr. Hatch absolutely insisted so I said, okay, we will dehorn them, but entirely at your risk, and we did, and had, memory again, had 8 or 9 or those calves died right now, the next day, which I have plenty of witnesses to prove, and besides that, the rest suffered, the next day happened to turn one of those cold mean days, the rest suffered a terrific weight loss, which anybody in the cattle business will tell you will happen to calves if you dehorn them in the fall and you get caught in a storm.

MR. WEIR:

Q As I recall, there was a loss to the Association there. Are you acquainted with this loss? It has been suggested I believe, that there was a loss to the Association on this transaction of around \$20,000.00. Would you know of this, or does this strike you as---

A No, but I'm not so stupid that I didn't see they was going to lose that last fall when they took them.

Q You felt they were going to lose that in the fall of 1963?

A If they had sold them at the time they sent them out to

our place they would have lost close to \$20,000.00 then and they were just trying to hold, hoping the market would be 27¢ for feeders this fall, and then they wouldn't have had a loss.

THE COURT:

Q well, Mr. Brandley, we have several deals here where they were resold, here, J. W. Moss and Son, 136 animals, Henry Steele of Aurora, Illinois, 251 animals, Henry Steele of Aurora 490 animals, Riverview Ranch, that's Mr. Hatch, took 200, and Mr. Paxman took 160.

Now, I think it is suggested that Mr. Hatch lost about \$3,000.00, but Mr. Paxman tells us he made money. The rest were sold, of course, out of the country.

Now, according to that, your calves were the only ones that lost money to that great extent.

A Well, actually I shouldn't have, I'm sorry I testified about that, because as far as my knowledge is concerned, I had no interest and didn't really know what the calves cost, except by hearsay. I had no interest, and didn't know what the calves sold for, except by hearsay.

THE COURT:

Q Well, 34¢, roughly, 33.92, 34¢.

A But as far as our deal was concerned, if the calves would have made \$40,000.00 we weren't entitled to it. If they

lost \$20,000.00 we weren't entitled to it. Our deal was strictly to winter these calves and summer them and turn them back to them in October.

Q All right. Now, how much weight was it intended that you would put on?

A It was intended that we hoped for 400 pounds, but we would sure try to get 350 on them.

Q Well, 350 or 400 pounds would show a \$20,000.00 loss, I suppose, would it?

A Well, they weighed that much more when they are sold, don't they?

Q Yes, but if you pay 34¢---

A Yes.

Q And feed at 16---

A Yes.

Q You would have to put 625 pounds to break even, at 23¢?

A That's right.

Q Is that right?

A That's why I told you I thought it was impossible for them to break even when they took them.

Q And they were sold for around 20, as I understand it?

A I understand they were.

Q Yes. Well, you---Oh, you weren't interested in that, either?

A I was just interested, I sent my son in to see them weighed.

Q I see.

A Selling price was no interest to us, whatsoever, except,

naturally, I wanted them to sell well.

Q And what did they weigh, what did they gain over 3, whatever it was, 4.

A I think around 360 pounds.

Q Gain?

A Yes. It wasn't as much as we had hoped, but---

Q Is that a good gain for that type of feeding?

A A very reasonable gain, yes.

Q And what was the type of feeding that you were doing? What was the program?

A They were put in the corral last winter in the feedlot, and fed all the hay they could eat, and during the colder weather they were fed some oats. This summer they ran on grass, and we didn't have near enough grass, so in our operation we grown green feed, and we clip it and blow it in the wagon, and feed it to the cattle when our pastures run low, and we fed them tons of the green feed. They were never grained to fatten, they weren't supposed to be. The contract didn't call for fattened cattle.

Q Well, is 16¢ a fair price for that type of operation?

A I wouldn't like to take them again for that cheap.

Q So you say that your loss was caused by feeding in that manner. whereas Mr. Paxman put them on an intensive feed and fattened them up to 1,000 pounds and he said he made a little money.

A Well, frankly, Your Honour, I don't think he did.

Q Well----

A I mean, there's lots of good cattle feeders that you could go get for, if you---

Q No, but I see this is a different type.

A Yes.

Q This fattening them to 1,000 pounds, or whatever it was that he sold them for. Therefore, you lower your over all cost, don't you?

A Yes. You lower it from 34¢, but standard, a standard cost right at the present prices of grain, now, this isn't testimony, I consider you asked me, and I would like to tell you.

Q Yes, I have been trying for two weeks to find out.

A Roughly, the cost of fattening a steer the way Mr. Paxman fattened them, would be, depending on the efficiency of the feeder, would range from 20¢ to 24¢ a pound to put the gain on.

Q Well, he says 14, I think.

A Well, he should get a job with the Government or somebody showing the rest of us how.

Q All right, fine.

MR. WEIR:

Q Mr. Brandley, I'm showing you a contract with your name on it, Livestock Feeding Agreement, dated April the 15th, 1963, that I believe you signed, with the

Association. This is your signature, is it not?

A Yes.

Q And what is the total authorized limit set out in this contract?

A \$20,000.00.

Q Now, on page 15 of Exhibit A 9, which is the special report, dated August the 10th, 1964, on page 15 there are some figures here, and as you see, by your name it indicates the contract amount, \$20,000.00.

A That's right.

Q You see that. According to the bank lists at that date, as at December 31st, 1963 there was no indication that you owed money, and according to the Association records at that date you owed \$46,920.64.

Now, can you account for any reason why this discrepancy would be put in? Was it put in there with your knowledge?

A Absolutely not. I have no idea.

THE COURT: And that 46, by the way, doesn't include the Bullock cattle of \$23,000.00.

MR. WEIR:

Q You have already testified to the effect that you have no recollection of any discussions between you and Mr. Hatch concerning the contents of this letter, dated April the 19th, 1962, marked Exhibit B 3.

A I didn't tell you I didn't have any recollection, I told

you there was no discussion.

Q That's even more positive.

A Yes, I want to be.

Q You received considerably more cattle after that date?

A From---

Q You have already testified to this effect.

A Yes, 1800 head, exclusive of the Church calves.

Q Now, I am trying to figure out, in my own mind, why would Mr. Hatch do this? Have you any idea why Mr. Hatch would write this sort of a letter, as he did on April the 19th, 1962, to the bank, then give you considerably more cattle, which you have already gone into details on, and then indicate discrepancies, such as the one that I have just indicated?

A I have no idea. That's why this letter came as an absolute surprise and an absolute shock to me.

After hoof and mouth disease, 1952, when all the feeders took an awful licking, I ended up, I lost \$200,000.00 in that deal, by the way, and I ended up in terribly bad shape then, and I owed the Central Feeders roughly, this is memory again, and it's a long time back, but I owed the Central Feeders \$40,000.00, and the cattle were all gone. I owed the bank 80 or \$90,000.00, and those cattle were all gone, they had all been destroyed, and I went to the bank and gave them a mortgage on my

farm.

THE COURT:

Q That is the bank of Nova Scotia?

A Bank of Nova Scotia. If they would agree to carry this thing on and to grant me certain privileges of feeding capital to operate on, which they did. That, Mr. Campbell, from the Royal Bank, who was Central Feeders banker at that time, gave me an awful rough time, said it wasn't fair, and I said, maybe it isn't fair, but it's the only way to pay you, and I'll see that you get paid, and he made a very slighting remark about that, and Mr. Hatch from time to time, when there was a good deal, had sent me cattle, and as you notice, 1959 was the tail end of it, and he had exactly the kind of a deal I suggested last spring that we had, that when I had some surplus feed he could put X number of cattle and take the total proceeds, and in four or five years that got paid up.

So, when my next calamity, my life seems full of calamities, my next one happened, Mr. Hatch, very friendly after this all cooled down, I was awful hurt with Mr. Hatch when I got out of the hospital and found all my cattle gone after he had promised to hold them for me, now, whether he was forced or not, I don't know, but after I got out of the hospital he said, well, you owe the Association this

\$150,000.00 included the monies that you owed to Weiler Williams and the Canadian Imperial Bank of Commerce?

A That's right.

Q Yes. Now, Mr. Brandley, in regard to these 11 steers of January the 3rd, 1961, which were charged to the N.A.B. account, could you just tell me what, under what circumstances you received those?

A I received them in exactly the same circumstances as any other cattle. One day they just came to our place, and they were branded with the Central Feeders brand, later came a bill charging them to me.

Q And did you contact Mr. Hatch about those cattle?

A Not expecially about those, no.

Q Well, did you ever speak to him about those cattle?

A Not after they came.

Q You never did.

And those cattle would have been sold at the, in April of 1962, would they, or when would they have been sold?

A Some were sold before then, and some were probably sold then.

Q And some were sold to whom?

A I wouldn't have an idea.

Q I mean, were they sold to Lethbridge Central Feeders?

A Oh, definitely.

Q Well now, this \$700.00 payment, will you just tell me

exactly what you know about that?

A Well, as I told you before, as I told this gentleman before, there had been discussion between Mr. Hatch and I that it would be a nice thing, actually, in the first place, I thought that Mr. Bradstock had money to buy these ten calves, ten was the amount mentioned, and would I be willing to feed them for free to give him a little boost.

Q Now, when did this conversation take place, Mr. Brandley?

A Sometime prior to the time those calves came out, but I couldn't remember.

Q And this was a discussion you had with Mr. Hatch?

A That's right.

Q Was Mr. Bradstock present, at all?

A No.

Q Did you ever have any subsequent conversation with Mr. Bradstock concerning these cattle?

A I can't remember whether Stu, or whether I told him that we had the cattle. That was after they came. I can't remember.

Q And when you received these cattle of January 3rd, 1961, the 11 steers, did you realize these were supposedly Bradstock's cattle?

A I think we were receiving other steers from Stu on this account, and that account, and I don't know whether Bradstock's cattle were ever identified especially,

or not. I just thought it was in the deal. The average money that the calves made or lost was supposed to go to him.

Q Now, with regard to the \$700.00 payment charged to your account, just tell me exactly under what circumstances you received that?

A I don't testify to the exact amount, because in the first place I have no records to show it, in the second place I'm not absolutely positive, but Mr. Bradstock was going on a trip, and I don't remember the date, and he said, do you think the calves will make any money, and I said, yes, they will make 50,60, \$70.00 a head gross.

Q Well then, you had a conversation with Bradstock about these calves, did you?

A At the time I gave him the money.

Q Yes. And just go on with this.

A And he wanted to know if he could borrow that much money, hoping the calves would pay us back, and I said sure, I guessed he could, and I drew that, had some money in my pocket, and I drew the rest out of my personal bank account and gave it to him.

Q Well, how much money did you actually give him?

A I don't remember. I have already testified that it wouldn't be less than 4, and it wouldn't be more than 7.

Q And where did that conversation with Mr. Bradstock

take place?

A I think it took place in the Marquis Coffee Shop, but I'm not sure. It could have been in one of our cars.

Q You aren't sure of where the conversation took place?

A No, I am not.

Q Was there anyone else present?

A There was not, naturally.

Q Now, can you tell me how many head of cattle you had at your ranch in April of 1962?

A No, I can not.

Q Well, Mr. Brandley, I have a document here, dated April the 4th, 1962, a representation made to the bank, Canadian Imperial Bank of Commerce, and there are two sheets, they are both dated the same.

A Yes.

Q The one you have in your hand would indicate that you had given a statement to the bank showing you owned, personally, 566 head of livestock?

A That looks like that.

Q That you had 800 tons of hay, \$20,000.00, 1500 bushels of oats, \$1200.00, and 2500 bushels of wheat--barley, mixed?

A Yes.

Q For total assets of \$129,260.00?

A Yes.

Q And this other statement, which is a representation

to the bank, is that you had, for Lethbridge Central Feeders, 225 yearling steers, valued at \$40,500.00. You showed that you owed the Association \$22,134.00 on that, and that you had an equity in those cattle of \$18,366.00, and this statement also indicates that you had cattle for Weiler Williams, 525 yearling steers, having a value of approximately \$94,500.00, and you indicated that you owed Weiler Williams \$35,000.00 on those, so that your equity would have been \$59,500.00. Is that correct?

A It's got my name signed to it, it must be.

Q Do you recall giving those statements?

A Not very well, but---

Q Do you deny that you gave them?

A No, I do not.

THE COURT: Are you putting them in as exhibits?

MR. PROWSE: Yes, I would like to.

THE COURT: All right. That will be F-9---

THE CLERK OF THE COURT: F-9d.

THE COURT: F-9d.

EXHIBIT NO. F-9d:
Representations to the Canadian
Imperial Bank of Commerce.

MR. PROWSE:

Q Now, at that date, Mr. Brandley, you had a loan from the bank of something like \$120,000.00?

A That's right. Is this April, 1962?

Q Yes. And can you just tell me how many cattle, when your cattle were taken, Weiler Williams came in and took theirs, the Central Feeders went in and took theirs.

A Yes.

Q And then your personal cattle were taken by the Bank under a section 88, is that not right?

A Yes, that's right.

Q And how many cattle did the bank get out of that?

A I do not know. As I explained to you before, the beginning, I explained to the Court, the beginning of my whole trouble came in the fall of 1961, when I was sick and wasn't managing. The bank and Mr. Hatch checked our cattle count sometime, quite carefully, sometime in October, I think they spent a half a day there.

Q And there were 1,775 head, weren't there?

A Around 1700 head. There was absolutely never an animal sold that didn't either go to Central Feeders, or else the cheque went to the Imperial Bank of Canada. We know that through carelessness, because I wasn't managing, we had a tremendous death loss that winter, but it was nothing like that, and when I got out of the hospital, the fact of the matter, it's kind of hard for me to understand this last signature. I must have gone to the hospital later. It sounds like that's when I was in the hospital, April the 4th, 1962, but at any rate,

our cattle count was way, way short, and I do not know, and haven't been able to find out why.

Q I think, you just correct me, that instead of having something like 550 cattle of yours, the bank only had about 130 head?

A I couldn't tell you what Stu and the bank finally separated the cattle out as.

THE COURT: Well, there's a statement, in the Holding Pens, that was marked as an exhibit. What is it? Let's have a look at the Holding Pen---

A They took all there was.

THE COURT: The Holding Pen Exhibits.

MR. PROWSE: That's what I am coming to, Mr. Brandley.

THE COURT: Have a look at HS, and---no, go ahead, I don't think these---

MR. PROWSE:

Q If my record is correct, there were 140 head of Weiler and Williams cattle, there were 125 calves of Lethbridge Central Feeders, there were 60 triange T, heavier feeders, and 115 calves. Does that appear to be correct?

A I have never been able to get the full information, or never got it, and as I say, I was sick and I didn't know how many cattle were left there. I knew before I went to the hospital that we were way short, but I didn't

know where they were.

Q Well, if that was, in fact, so, you had a tremendous loss of cattle?

A It was terrible.

Q Really tremendous?

A It really.

Q Did you feel these had been stolen?

A I do not know.

Q Did you go to the R.C.M.P. or anyone about it?

A No, I didn't.

Q You did nothing, at all, about this apparent---

A I hunted them.

Q Shortage?

A We hunted them, had the boys hunting, try to find cattle in the surrounding districts. I found lots of dead cattle. I know our death loss was tremendous, but that was not near enough to account for all that.

Q Did you sell any cattle to anyone other than Lethbridge Central Feeders?

A Yes, but I can't answer to who without looking at the books.

Q Can you tell me who you sold cattle to from November of '61 up to April the 12th of '62?

A The Canadian Bank of Commerce records would show, because every animal that was, every single animal that was sold by me either went to Central Feeders, or the cheque and

the bills were deposited in my account in the Canadian Imperial Bank of Commerce.

Q But . in any event, in spite of this tremendous loss, you took no steps to---

A I didn't know the loss was there until---

Q Well, when did you find out about the loss?

A On, the loss in numbers, I don't think I found out, began to see the loss in numbers 'til March.

Q Of what year?

A Of that year. '62.

Q Now, with regard to your account, your ledger account---

THE COURT: If you wish these two figures, Mr.---

MR. PROWSE: Yes, thanks.

THE COURT: Prowse, the invoice number HPS59 is the sale of 103 steers from Mr. Brandley to the Central Feeders, on April the 18th, for \$11,282.05, and settlement HPS 58, on April 18th, 1962 settlement to the Canadian Imperial Bank of Commerce for Mr. Brandley of 175 steers, for \$21,902.60.

THE COURT: These records are all here, Mr. Brandley.

THE WITNESS: God, good.

THE COURT:

Q And I think if you had asked for them you could have got them, because there's no reason why, it takes me a little time to find them, but they are easily obtainable.

A Well, I had asked Central Feeders several times for them.

Q Well, there's no reason why they wouldn't give them to you, I wouldn't think.

A Don't look like it.

MR. PROWSE:

Q Now, Mr. Brandley, each year you used to get a statement from the auditor, showing the balance of your account?

A That's right.

Q Did you return that to him each year?

A No.

Q Did you ever return it to him?

A I can't say as I ever did, except in April of this year, when all the auditing was going on out at Central Feeders, I stopped out there on business and, this is memory again, and Mr. Hatch took a plain piece of paper and he said, look, I've got to have something for the auditors. I had been arguing with him about my account because I didn't think the thing looked right, and he said, I've got to have something for the auditors. He said, you just have to sign this, and I did sign it.

Q You were very much under Mr. Hatch's spell, Mr. Brandley?

A No. When your head is in the lion's mouth you don't pull his tail.

Q But up until that time you had never signed one of these auditor's acknowledgements?

A I can't say that, I'm not sure.

Q But you never ever went to the auditor about your account?

A No.

Q You never went to Mr. Houlton, do you know him?

A Yes, very well.

Q You never went to him about your account?

A No.

Q And you never knew anything about this letter of Mr. Hatch's to the bank?

A Absolutely not.

Q Now, with regard to your contract with Canadian Dressed Meats, you apparently are not satisfied with the accounting you have had?

A I haven't had any accounting.

Q Well, have you gone to Canadian Dressed Meats about it?

A A half a dozen times.

Q Who have you seen at Canadian Dressed Meats?

A Formerly, Mr. Allardyce, and as recently as last spring, at the time of the Central Feeders crackup, to Mr; Murphy, who is the manager out here.

Q And what is their advice to you?

A They said that Mr. Hatch has got an account, has had an accounting. Mr. Hatch said he hasn't had an accounting.

Q And that's the way it sat for how many years?

A Two and a half years, and by the way, I agreed to feed these cattle, Mr. Hatch agreed to finance them, but I

was awfully busy, and he agreed to absolutely check and make sure these contracts were fulfilled with Central Feeders, and I signed over all proceeds from these contracts to Central Feeders, so I was under the impression that he was doing the collecting, and that he was doing the bookkeeping.

Q Mr. Brandley, have you done any feeding for Allsop?

A Allsop?

Q Yes.

A Never heard of him.

Q From Ontario?

A Never heard of him.

Q You don't know the name?

A No.

Q Were you ever in any feeding contracts with Mr. Hatch, personally?

A No.

Q Were you ever in any business ventures, at all, with Mr. Hatch, personally.

A No, unless you would call those Jimmie Thompson calves, Mr. Hatch organized it, and I fed 600 calves from Jim Thompson.

Q Well, did he get something for that?

A I have no idea. I was supposed to be paid so much, and it looks like I was paid.

Q Now. Mr. Brandley, with regard to your ranching set up,

250,000.00 would be a closer value of that property than \$120,000.00?

A I used to think so, but after I got in trouble and tried to sell it, I guess that if you had to sell it, \$120,000.00 ^{more} cash is probably/~~than~~ you would get.

Q Did you list it with any real estate firms?

A No, I am scared of real estate firms.

Q You never listed it for sale?

A No, but I sure inquired around a lot.

Q Am I correct that the value of your machinery insofar as the bank was concerned was approximately \$50,000.00?

A At the new value it was well \$50,000.00.

Q Well, this is in 1962, \$50,000.00 was the---

A Yes.

Q Value of the machinery?

A Yes, I think that was the value, until you try to sell second hand machinery.

Q And I believe you mentioned that, you referred to Mr. Hinman once, as your partner?

A And now, more or less, ^{I guess} he's my boss, I work for Mr. Hinman.

Q That's how you feel towards him, though, isn't it?

A Well, I felt like that about him for many years.

Q I think that's all, Your Honour.

MR. WEIR: Your Honour, I have two more questions.

THE COURT: Well, we will adjourn until
2:00 o'clock, and Mr. Brandley, I have a few questions
I would like to ask you, and perhaps Mr. MacDonald has.

MR. MAC DONALD: Yes, just a few, Your Honour.

(WITNESS STANDS DOWN)

THE COURT: Adjourned till 2:00 o'clock.

(HEARING ADJOURNED AT 12:30 P.M. to RESUME AT 2:00 P.M.
ON THE SAME DAY).

Q Mr. Brandley, you agree that you are still under oath?

A Yes sir.

Q I have a couple more questions, Mr. Brandley, just regarding the church calves transaction that you have already gone into this morning. ^{When} /this agreement was reached in the fall of 1963 what is your understanding as to who was to receive the money represented by the 16¢ per pound gain?

A Mr. Hinman.

Q Were you not to receive any credit whatsoever on this?

A It was his feed that was going into them, and at that time we were discussing going into this company, and I considered any labor which we put into it, which is not very much, that is on 400 calves, I was just putting that into the future company because we were only going to have them three or four months and then it was going to be a company. And he, after we got in the Two Arrow Ranching Company, then naturally it had to be considered in the ranching company.

Q Well, I am not talking about at the time that the Two Arrow Ranch was incorporated in February, 1964.

A I was just trying to explain that it had to be Mr. Hinman's money because we owed him for all of the feed, and during the winter he was paying out the money before Two Arrows was ever formed to keep the ranch from being foreclosed.

Q You had discussions with Mr. Hatch, the ones that you referred to this morning in the fall of 1953?

A Yes.

Q There was no discussions whatsoever that you can recall that you had with Mr. Hatch concerning the fact that some monies at least would be credited to your account?

A The first discussion was that Mr. Hatch wanted \$10,000.00 of the money returned to the company on this calf feeding deal.

Q That is to the Association?

A Yes. And as I said, "I don't know, I will have to call Mr. Hinman on this and he will tell you."

Q This would have been a conversation between Mr. Hinman and Mr. Hatch?

A Yes, later.

Q And you were not aware of exactly what was said?

A No, but I was told.

Q You were not in on the discussion?

A No.

Q Was any money credited to your account?

A On the church calves?

Q Yes.

A No, I think not. I don't think it has been credited to Mr. Hinman's account either.

Q That is all. I have no further questions.

MR MacDONALD CROSS EXAMINES THE WITNESS:

Q How long have you known Mr. Hinman?

A Oh, I guess about 35 years.

Q And you said that he was an old friend of yours?

A Yes.

Q And that was a correct statement of your relationship with him?

A Yes. We have been friends for 35 years.

Q And you have been a rancher or a cattleman for about that length of time as well?

A Well, a little longer.

Q Now, when did Mr. Hinman first come to you about cattle feeding and the ranching business in general in this area? Was it prior to 1962, or was that about the beginning of your connection?

A Your Honour, I don't mind answering all questions about anything or anybody connected with the Central Feeders or banks or governments, but it this necessary?

THE COURT: I think so. At the beginning of this hearing, Mr. Brandley, Mr. MacDonald appeared and stated that he wished to appear at a certain time. We had a discussion at that time and it was argued, and it was agreed then that as long as he stayed directly within the sphere of Central Feeders and Hin.Hat.Som. it would be alright. The position in this case is a bit different to the ordinary case in that Mr. Weir is an employee of the Attorney General's Office, and there is no doubt that he has done a wonderful job. No one can say that he has pulled any punches anywhere or at any time, and he has done a wonderful job. At the same time there is no one,

you might say, on the outside of this hearing, and with that to some extent I thought we would admit other parties that would have the right to ask questions.

THE WITNESS: Alright. I just wondered what his interest was.

THE COURT: He may not have the right interest, I don't know. Go ahead.

MR. MacDONALD:

Q I will attempt to be relevant.

A I will try to answer your questions then.

Q I really was trying to confine my questions to the testimony that you gave at this hearing, Mr. Brandley. And all I am trying to find is that when your relationship with Mr. Hinman commenced with respect to cattle and Central Feeders and that sort of thing, I asked you whether it really started about 1962.

A In 1962 when I got out of the hospital, as I have already explained, I was desperate, I had no more bank credit and I couldn't operate this big farm, and I needed to operate it or I'd never have a hope. So Mr. Hinman was one of the best friends I had, and I called him and I asked him if he could help me keep this farm in operation until we could deal around some way and get things moving. I think that the deal has already been explained.

Q How he put up the Glenwood land and money came to him in which he in turn passed over to you?

A Yes.

Q And prior to that time, Mr. Brandley, had you had any business dealings at all with Mr. Hinman in connection with the cattle business?

A I used to trade horses with him when we were younger, but then he moved one way and I moved the other, and we visited together but not much dealing.

Q So after he came to your rescue and assistance in 1962, after you got out of the hospital, was your next dealing with him in connection with church calves that we have heard about?

A No. In 1962, we struggled along in 1962 and fed cattle in the fall of 1962, and by the spring of 1963 we were still operating but again we had no money to go through the summer. We were getting advances from Central Feeders during the winter for feeding their cattle, their 1963 cattle, but that was, the cattle were getting fairly well gone and you couldn't expect, the feed had been fairly well used up which was raised in 62, so we couldn't expect any further help from them. And again I requested Mr. Hinman for help. At that time was when this \$17,000.00 or 20,000 or 18,000, whatever it was, was advanced over a period of time with security for him with a lien on the growing crop.

Q What I am trying to find out is your relationship with this man really started on a friendly basis, and then he loaned you money, and then you formed a limited company, and I

think that you described him this morning as your partner or even as your boss?

A Mostly he is my friend. I don't know the business term for it. He is the major shareholder in this company and he has used his credit, his private credit, and his good name to help this mortgage we got from the Prudential Mortgage Company, which I don't think is any secret, that they were going to foreclose and after he entered into it and put some more land into it and they knew that he was going to use his business management in it, they agreed to increase that mortgage very considerably as long as he had control of the company. So I would say it was his good name that the Prudential was willing to go along with.

Q He was really in the position of lending you money in 1962 and 1963?

A Yes.

Q And then you said that you decided to form the company, and you hoped that it would be formed earlier than February, 1964?

A Yes. In the fall of 1963 it was my approached again, I went to him and I said "Ted, it don't look like my credit is alright, and this deal is in the hole, it got in the hole on a big scale, and we can't pull out on a small scale, and I would like to form some sort of a partnership with you, or some kind of a company." At that time the Prudential were pushing for foreclosure on the land, as is on record,

and it looked like I was going to lose everything, which I had, because the farm owed more money, and this at least gave me a chance to someday own part of it.

Q So actually by the formation of the company you, and the taking in of Mr. Hinman, you were able to save the land?

A No, not yet. The only way I could save part of that company is by managing this at a very low salary, and managing it intelligently enough and working hard enough, my wife and family, and try to pull the company out of the hole , and then we could save something and pay all these debts.

Q Do I understand, Mr. Brandley, that not only were you having difficulty with the farming operation, the raising of the cattle, but you were having considerable difficulty with the bank that you dealt with?

A After 1962?

Q Yes, after 1962.

A I had no relationship with the bank since 1962.

Q About when did you really sever your connections with the Bank of Commerce? Was it just before 1962?

A No, I didn't sever my connections. As I said this morning this cattle business got all bad, with my particular cattle business, and mostly I attribute it to because I was sick, and I guess they severed connections. I still have an account in the Imperial Bank of Canada but the only trouble is there is nothing in it.

Q When did they close you out?

THE COURT: The 19th of April, 1962.

MR. MacDONALD:

Q Was it after that that your relationship with Mr. Hinman became quite close in a business way?

A Mr. Hinman helped me with money, yes. My relationship was just as close 20 years ago as now.

Q I mean in a business way.

A Yes.

Q Now, did Mr. Hinman take an active part in the operation of the management of the Two Arrow Ranches Ltd.?

A He gives me heck if I don't whenever he is around.

Q You are the actual manager, is that correct?

A On any important decision I must get in contact with him, and with any minor decision that comes up from day to day I make my own decisions.

Q I heard in your evidence this morning a reference to the Peigan Ranch. What is that?

A That is another ranch Mr. Hinman and Mr. Leighton, the late Mr. Leighton, owned together. He is dead now. That is up on the Peigan Indian Reserve. It is about seven miles west of Macleod, and we are 20 miles east of Macleod.

Q Do you manage that ranch?

A I wouldn't say I managed it, but as a favor to my friends whenever they got in trouble they used to call on me and I

went up and helped them.

Q Now, when Lethbridge Central Feeders Association got into difficulty there was evidence given at this Inquiry that Mr. Hinman came down in March, 1964. I think that it was about March the 18th. Did you see him on that occasion?

A I was probably responsible. I hope I am not getting his politics all mixed up, but I was probably responsible for him coming down because he had called me about another matter pertaining to other business and I told Mr. Hinman that I had heard through the cattlemen's grapevine, which is a pretty good grapevine, that things were getting rough at Lethbridge Central Feeders. His answer to me was "How important is Lethbridge Central Feeders to Southern Alberta?" My answer was that it is the biggest business in Southern Alberta, and Southern Alberta can ill afford to lose it. He said "I had better get down there and see if I can do anything in my power to help save that."

Q That date is probably March 28th.

A I can't remember the date.

Q It was really on a response to a call from yourself that he came down?

A It was in response to a call. I didn't put in the call. He called me about another matter, and I had just come home from Lethbridge and saw the office at Lethbridge Central Feeders full of auditors, and I heard through the grapevine that things were awfully bad, and in the course of the

conversation I felt like that Mr. Hinman as a representative of our south country, and as to how important Lethbridge Central Feeders was to the south country that he should know about it.

Q So that you really mentioned this to Mr. Hinman in reference to the economy as a whole rather than the Two Arrow Ranches Ltd.?

A Yes. As far as the Two Arrow Ranches was concerned, we had fully discussed the Lethbridge Central Feeders deal, and even if the Central Feeders went completely out of business it couldn't make too much difference as we saw it.

Q There was no necessity for Mr. Hinman to come down with reference to the Two Arrow Ranches?

A No.

Q Now, it would appear that when he came down on the 28th of March Mr. Hatch was still around?

A Yes.

Q Were you present when there was any conversation between Mr. Hinman and Mr. Hatch?

A Again I will not go into dates because I don't remember the exact date, but Mr. Hinman was at my place discussing our personal business.

Q Well,---

A And Mr. Hatch called up. He had tried to call him in Edmonton and he found him, you know how Central trace people---

Q Yes.

A --- He found him at our place, and he asked to come out. And he came out, and as soon as Mr. Hatch came Mr. Hinman suggested that they put in the call to Mr. MacLean from the Imperial Bank of Canada and have him come out. He was not worried about Two Arrows himself at that time. Mr. MacLean wanted to count the cattle on our place, and my son took him and he did count every one individually. And the reason that Mr. Hinman wanted Mr. MacLean to go out was that he thought that maybe he didn't know how bad this was, and he thought that maybe that he could get them together and with his vast experience in finance maybe they could work this thing out so they could keep operating.

Q Were you present when there was any conversation outside this court house between Mr. Hatch and Mr. Hinman in a car? Were you around then?

A Not in the car that I can remember of. I was at the farm.

Q At the farm at Monarch?

A Yes.

Q I am referring to outside of this court house in a car?

A No.

Q You were not present?

A No.

Q During the course of the conversation at your farm did Mr. Hinman indicate how he would lend the benefits of his vast financial experience to assist Lethbridge Central

Feeders?

A I was not present. I have a little office in my house, and mostly we sit--- It was about dinner time--- And we sat and had a sandwich there, and then Mr. MacLean came, and I offered Mr. MacLean and Mr. Hatch and Mr. Hinman the use of my office, and ^{they} / sat in the office, and I haven't--- Naturally I wasn't listening at the door.

Q At what time of the day or night was that?

A Oh, this was roughly about noon or a little after.

Q How long was Mr. Hinman at your home on that occasion?

A I can't remember.

Q Was he there for 10 minutes or all afternoon?

A He was there all afternoon, but I don't remember where he stayed that night, whether he stayed there that night or not.

Q Did at any time Mr. Hinman offer to make available the facilities of the Provincial Treasury Branch to assist Lethbridge Central Feeders?

A As far as I am concerned I heard none of it.

Q Now, after the 28th of March, there has been evidence given at this inquiry that Mr. Hinman returned with Mr. Strome, the Minister of Agriculture, in July, 1964. That is early in July, 1964.

A To my place?

Q No, to this general area.

A I have no idea.

Q Did you see Mr. Hinman in July, 1964?

A I am sure I did because he came down and looked things over, but I can't give a date.

Q Did you replace the Bank of Commerce in the operations of the Two Arrow Ranches with another bank?

A Do you mean where the Two Arrow Ranches bank is now?

Q Yes.

A The Two Arrow Ranches bank now is one our minutes as the Treasury Branch in Fort Macleod.

Q That is all.

THE COURT:

Q Mr. Brandley, I would just like to clear up in my mind the sequence of events after the 19th of April, 1962. So as I take it in September of that year there was a discussion between you and Mr. Hatch with reference to the placing of cattle on your ranch?

A Yes.

Q What was the first arrangement?

A The first arrangement was that we had a very considerable amount of feed.

Q In 1962?

A Yes. That we had grown during the summer, and it was, we sold a lot of hay in 1962 to help us keep operating, but we still had a lot left. Mr. Hatch said, he called me up in fact, and he said "You have lots of feed." And he knew that I had.

Q What would that feed consist of?

A Oh, hay, straw, and we had 400 acres of corn. Let me check my years. It froze, but it was worth a lot for cattle feed, that they could graze in and eat. And then there was grain, but not too much grain in the fall of 1962. We had an abundance of hay, and this corn, and we had straw, and all the feed in the fields.

Q So that you took in this first group of cattle from Central Feeders?

A Yes.

Q Now, what other arrangements did you make then in the fall with Mr. Hatch?

A With this first group?

Q Yes. I think that you told us this morning it was a mix-up in that group, that they all did not belong to the feeders?

A They did belong to the feeders. They sent, Stu said that he thought that he could finance 200 head of cattle for me. He had a system, I don't know what it was. He called it a recovery account, but it seemed like the Central Feeders Board granted him permission, but now, this is hearsay again, to loan certain monies to help bring back money in default. And he said that he could put out 200 head of cattle on that, and the 200 came, roughly. Actually I think it was 209. Then Mr. Hatch and I together negotiated a contract with the C.D.M. Packing Company to feed 500 steers, and I told Mr. Hatch I couldn't feed them unless I had an advance for

feed to keep me operating because I had no money. And through the whole thing we all agreed, and the packing company agreed to put them there. But evidently they had a lapse of time when they didn't have the brands arranged to brand these cattle with their brand, and they also had not made financial arrangements, but that was a very short lapse of time, but in the meantime these cattle were getting harder to buy, this brand of cow. I remember two loads, and there could have been three, that came into the holding pen, this particular brand of cattle, and Stu bought them and sent them out and he said that he was charging them to my account, but within a very short time the C.D.M. would pay him. And they were all branded with Central Feeders brand, by the way. And when the C.D.M. paid him they would go into the contract, and he would give C.D.M. a bill of sale for this number of steers with this brand on them, and then they would go ahead and buy the steers to complete the 500.

Q After that was done about the amount of cattle that you got directly under feeding association contract would be about \$18,000.00, is that correct?

A Oh, that we bought cattle after that?

Q Yes, on your, directly, your direct liability.

A Well, Your Honour, I don't just know where the line drew there, but it strikes me that altogether we had 249 cattle on a direct liability.

Q All I have here charged to you is 29 cows, 91 heifers, and 155 steers, which makes 280 animals. Now, you say that part of that was not Feeder cattle?

A How many have you got credited to my account directly on that, between then and the next spring?

Q The only other purchase on the 22nd of October for 38 head, Wieler and Williams, \$6,800.00. And that is the only other charge that, that is the only other purchase that you made until---

A July, 1963.

Q That is the last purchase that you made until this new contract was set up. There are no other purchases in the early contract at all?

A That is correct, after this fall purchase was made.

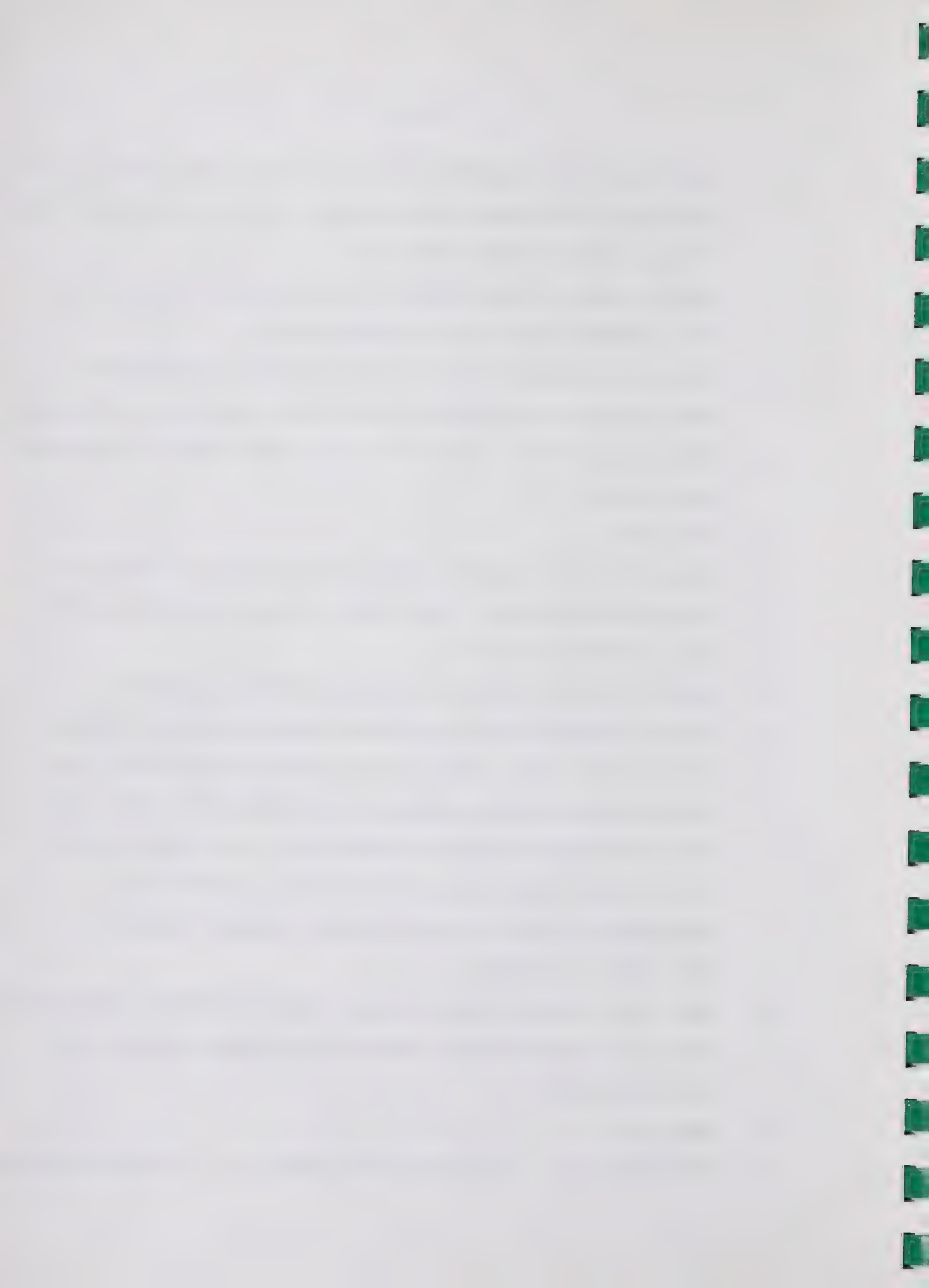
Q You are saying to me that these large advances of between December the 31st, 1962, in the amount of \$20,000.00, and the advances between January 1st to July 10th, 1963, which I have separated because you took over the Bullock cattle at that time amounting to \$38,000.00, was really in reference to these contract cattle, is that correct?

A Yes, that is correct.

Q Well now, did you think it right that the Feeders Association, which is a co-operative, should be putting up money for these dealers?

A Well, ---

Q Thompson and --- Who were the others? --- Canadian Dressed



Meat. Here are these big firms financing on this little co-operative.

A That was really not my deal. Mr. Hatch wanted me to take the cattle and take care of them, and I said I couldn't take care of them if they were not financed to buy the feed, and also the feed that was already on the ranch that didn't belong to me, and he agreed to do it. If you figured it out carefully you would see that all of that money was spent for feed.

Q I am not doubting that at all. Frankly I don't believe, Mr. Brandley, that you consciously got yourself in the position where you lost that beautiful ranch of yours, and which is now subject to \$113,000.00 mortgage to Prudential, and in the hands of another person.

A It was lost before that. It wouldn't have been lost if I hadn't been sick. Going back to this, Your Honour, altogether I would have 1800 cattle/ⁱⁿthose two years for Lethbridge Central Feeders, and how much advance did I get? You have it added up there?

Q \$38,000.00 in one six month period and \$20,000.00 in another six month period, besides a few small accounts.

A Yes. My figures were bigger than that, so presumably there must be some small accounts.

Q Here is the point that I just want to conclude with. On April the 19th, 1962, you owed \$22,900.00, or something like that, and when the smoke cleared away on that \$11,000.00

you were given credit for \$6,000.00, so actually on the 19th of April you come out of your calamity owing Lethbridge Central Feeders \$16,000.00, and that is all. And in the course of two years your indebtedness grew by \$61,724.00. Now there is, the average man taking this for what it is worth, that works out to \$147.00 an animal if we only take what is in these ledgers, which is a terrible result.

A Why did that work out to \$147.00 an animal?

Q Because all that you had were 280 animals according to this, but you say that you had another 500.

A I didn't say I had another 500. I said that I had another 1800.

Q But you see, if Lethbridge Central Feeders had only been feeding their own stock you would not owe them any money today?

A That is correct.

Q But because of taking on those contract cattle you have added to their debt by \$61,000.00?

A Well, it was. all I can say it was their contracts, and there was 1800 cattle altogether, of which 400 odd were definitely Lethbridge Feeders cattle, and that counts the Bullock deal.

Q Yes. I am coming to that in a minute.

A And I had considered, and I don't know why they didn't, that these cattle should average at least 50 to \$60.00 a head income.

Q Did you ever sit down and figure it out?

A Yes, I did. But for some reason they didn't and I have been trying to get a statement as to why they didn't.

Q Well, there is no argument about the selling price, they are all on the invoices?

A I have never seen an invoice on all those C.D.M. cattle. The other cattle, the market was very bad those years, they were bought at 26 and sold for 21, which wouldn't make any money, but the contracts should have made money. They were entirely in Central Feeders hands. The cattle were but the contracts were not.

Q Your cattle bought in 1962 were, the steers, some at 26, some at 19, and some at 20. That was a queer difference in price.

A The 19 and 20, they were steers, they were big Holstein steers intended for the C.D.M. contract. They were rough and ragged and big Holstein steers. The 26 cent steers were steers that came from B.C. and they were fancy steers and really too good to be feed.

Q Let us come to the summer of, July 10th, 1963, when you took over the Bullock cattle in the amount of \$22,891.03. Now, you didn't have any feed, did you?

A Our feed at that time was growing where we could clip it and feed it, but we didn't have very much grain.

Q It was not your feed?

A No.

Q Did you tell Lethbridge Central Feeders that this Morris Bullock contract should be charged to you and Mr. Hinman?

A No, I didn't.

Q Why not?

A I told them that Mr. Hinman had to be paid if we used his feed, but at that time, in 1962, Mr. Hinman had no interest in the ranch except that by July of 1963 we owed him 15 or \$16,000.

Q But he did have a lien on the feed?

A Yes. There was lots of grass. It rained a lot that summer, if you remember, and the grass was growing up to your knees all over, and for the next two months these cattle ate this. I don't know whether Mr. Hinman had a lien on the grass or not. But I don't think so.

Q Now, coming to the fall and winter of 1963-1964, Ellison Mills and Canadian Propane and a couple of others all made seizures?

A Yes.

Q Is it correct that there was some discussion--- I have here, and this is public property, I have these reports from the Sheriff's file, to the effect that the Sheriff talked to you and you told him that you were going to ask Mr. Hinman to advance more money to pay off the execution?

A Yes.

Q And as a matter of fact you told us this morning that that was in the \$29,000.00?

A \$24,000.00.

Q That is the \$4,000.00 that was necessary to dissolve the Execution?

A Yes.

Q And 2200 to Ellison?

A Yes.

Q And 500 to Propane?

A Yes.

Q And another 11 or 1500 went to Mr. Hoyt for the Sugar Factory?

A Yes.

Q Why wasn't that done?

A If Mr. Hinman had advanced this money to pay these, we would, he would have immediately sold the feed, but Mr. Hatch wanted me to feed a large quantity of cattle for the Association, which I was agreeable to do. I told him that we would have to pay for the feed. I mentioned these seizures against it which would have to be cleared as soon as possible, and if we could hold them off long enough so that the cattle could get the benefit of the field, which was not under seizure, and we could get some benefit from that, and Mr. Hatch figured by then we would have an equity in the contract cattle to pay the seizures, and also Mr. Hinman's equity out on this other feed so we could feed it to the cattle.

Q Did you think that you would?

A Yes.

Q You didn't come anywhere near it, did you?

A I am not saying that we didn't. I wanted to say that we haven't got credit anywhere near it, but I still haven't seen a statement as to what happened to all those cattle.

Q You see to an outsider reading all these things, you see what a person would think?

A Yes, I do.

Q Mr. Hinman gets the Feedersto pay off these executions amounting to about \$5,000.00?

A Yes.

Q And takes title to your property?

A Yes.

Q And leaves the Feeders out in the cold to the extent of 60 or \$70,000.00?

A Yes.

Q And pays off all your other debts?

A No, I still have other debts. The only debts Mr. Hinman paid off were the debts that were under, under legal encumbrance on the land. That is the bank and Williams and Prudential Mortgage Company.

Q You don't owe any other big sum of money?

A No, not big sums but an accumulation of mostly---

Q Running expenses?

A No, some of it is two years old. And some of it is large enough, and they are to people I have done business with for 20 years, and I have told them that they must be patient

and they will get their money, and I think that they believe me.

Q Why would the Central Feeders be asked to pay your taxes?

A That is hard for me to answer. The taxes were becoming a menace, and the question, that question is hard for me to answer. I really don't know. The rest was pertaining to feed, and I thought I had enough equity in the cattle to take care of the taxes, I guess, and instead of sending my cheque up to them I asked Mr. Hatch to send a cheque to them.

Q And the same with the Rural Electrification Service, \$500.00?

A Yes. If we didn't pay the light bill we couldn't stay there and feed cattle.

Q That wouldn't be the light bill.

A Two houses on the light bill, and an irrigation pump on the light bill.

Q You knew nothing about these reports to the bank, for example on July 31st, 1962, Mr. Hatch reported to the bank that you owed them \$22,910.00. Well, that was right as far as your ordinary account went, but he forgot the other \$59,089.00?

A I knew nothing about Mr. Hatch's relationship with the bank.

Q On October 31st, 1962, he reported to the bank that you owed them \$25,438.00, and your ledger account shows \$65,000.00. Do you think that the bank would have loaned

you that much money?

A No, I don't think so. Not right then, and they wouldn't have loaned it to me since.

Q December 31st, \$22,977.00, and your two ledger cards showed \$69,000.00. You knew nothing about those returns?

A No, absolutely not.

Q None of this contract agreement, these contract agreements feeding Thompson's or Canadian Dressed Meat, nothing in writing at all?

A Yes, the Jim Thompson contract of 600 calves was in writing, and I signed the contract over to Central Feeders and left them with Mr. Hatch. The first C.D.M. contract was in writing, and I signed it over to Mr. Hatch and left the contract with him. And the last C.D.M. contract for roughly 350 head of steers, I never talked to C.D.M. about it. Stu told me that he had a contract with them, and I think it was 22¢ a pound for the gain, but I never saw the contract and I never signed it over to him.

Q Those two contracts were never charged to your account?

A What do you mean?

Q Never put in the ledger?

A I don't know. I can't see any income.

Q There is no debit?

A No. They never debited those cattle.

Q That is all thank you.

(WITNESS STANDS DOWN)

EDGAR W. HINMAN, having first been duly sworn, examined by Mr. Weir, testified as follows:

Q You are Mr. Edgar W. Hinman?

A Yes.

Q And you are a member of the Legislative Assembly for the Province of Alberta?

A Yes, I am.

Q And you were the former Provincial Treasurer for the Province of Alberta?

A Yes sir.

Q Now, Mr. Hinman, I show you ledger cards of the Lethbridge Central Feeders Association, and these two cards have your name on them. Do you recognize these cards?

A I don't recognize them, but they would be my cards because of the name.

Q Perhaps the best way of examining these ledger cards would be to go over some of the items item by item?

A Alright.

Q The first entry I see is dated December 29th, 1956, and this appears to be an advance to you in the sum of \$5,000.00. Is that correct?

A Yes.

Q And then in January, January 17th, 1957, which is approximately 18 or 19 days later, there is a credit in your account of \$5,000.00, and that cleans out that, those two entries?

A Yes.

Q Now, can you explain to us what these two entries represent?

A No, I can't. I think with some thinking and looking at back records I could. Mr. Leighton was handling the cattle so I don't know.

Q You have no knowledge about these two transactions?

A No, nothing that comes to my mind at the time.

Q You didn't have any discussion with anyone in the Feeders Association at this time concerning these two entries?

A I may have. I used to go down to, Mr. Leighton and I used to go down and go through it, but I don't recall this transaction in 1956. But there is probably a record of it.

Q Well, in looking at these two items would it appear to you that this would be a request by either you--- I know it is a long time ago, back in 1956, but this would have been a request by you to the Feeders Association for an advance of \$5,000.00 in order to have the cattle which were eventually sold, and at least \$5,000.00 credited to your account to have this particular \$5,000.00 put in your income for 1956?

A I think that is correct.

Q Now, the next item appears July 31st, 1957, another \$5,000.00 debited to your account. And on December 9th, 1957, it appears to be a payment by you to the Association of \$5,000.00, cleaning out those two entries, so that your account is once again showing a nil balance?

A Yes.

Q Can you shed any light on these two entries?

A No, I can't. I think at that time we were feeding cattle and probably got an advance on them, feeding cattle at Cowley as I remember. The cattle went in there in July.

Q Now, the next item is in 1961?

A Yes.

Q I don't notice any interest that was charged on your ledger card for approximately this five months involving these two \$5,000.00 entries. Now, according to my quick arithmetic here at 6% on this \$5,000.00, that would amount to approximately \$125.00. Do you see any amount to that effect of interest charged there?

A No, there is no interest charged there.

Q Can you account for any reason why there wouldn't be any interest charged?

A No, I can't.

Q Now, the next item that appears on your ledger card, I believe, is December 2nd, 1961. What does it appear there--- There is a debit of \$4,699.70. What are the further particulars on the card?

Mr. Hatch bought for Mr. Leighton some cows at that time, and Mr. Leighton paid him back. This is December 2nd. He was paid for them plus interest in January.

Q January 10th, 1962?

A Yes.

Q And there is a credit in your account of \$4,699.70?

A Yes.

Q Would the explanation on this be that this would be a comparable transaction to the first one mentioned, that is \$5,000.00 going in and going out, with the exception on this one there appeared to be an extra amount for interest, is that correct?

A Yes.

Q The first two entries are charged to your account, and then \$5,000.00 being credited?

A Yes.

Q Did you have approximately the same type of transaction, although there is a credit of \$28.00 in your account at that time?

A Yes.

Q When this \$4,699.70 came in?

A Yes, except in this case I remember the exact cows purchased.

Q How many were purchased?

A I don't know that. It would be, by this amount it would have been 23 or 30. About \$200.00 a head at the time.

Q Now, the next item is dated May the 17th, 1962, and this is an advance to you of \$10,000.00?

A Yes.

Q I show you the cheque in question, May 17th, 1962?

A Yes.

Q Is this your signature on the back of the cheque?

A Yes.

Q And it is deposited to the Toronto Dominion Bank in Edmonton?

A Yes.

Q Can you give us further particulars of this transaction?

A This is a transaction that Mr. Brandley has been telling you about. I gave him the titles as he told you and he took them to Mr. Hatch who did not want to lend him the money, but who would lend it to me, and he lent it to me and I sent it back to Mr. Brandley as a loan.

Q You sent it back to Mr. Brandley?

A Yes.

Q And you could send us that cheque later?

A Yes, I could.

Q Now, the ledger card does not appear to give any record of any cattle that, with the Association brand that were in your possession at that time. Am I correct in assuming that you did not have any Association cattle at that time?

A That is correct.

Q And yet the Feeders Association still advanced you \$10,000.00 at that time?

A Yes.

Q Had you paid a membership fee at that time?

A No, I had not. This was a loan against the security of land as far as I knew.

THE COURT:

Q Why didn't you use the bank?

A Well, I could have, but

Q This is a co-operative for feeding cattle?

A Yes. But as Mr. Brandley told you, I said I didn't have the money, but if he could borrow money using this collateral he could. He went to the feeders and I just accepted it.

MR. WEIR:

Q What was the extent of your conversation with Mr. Hatch concerning this \$10,000.00?

A I would borrow the money and lend it to Mr. Brandley, and that he was going to purchase hay and feed and collect the account for me which he did.

Q And Mr. Hatch did not mention anything to you at all about joining the Association?

A No.

Q Did he mention to you that it was going to be put on a ledger card for you?

A No, I didn't know that it would be.

Q The next item is July 31st, 1962, a credit in your account of \$650.00, and in brackets it indicates 89 cattle. Were there 89 cattle on hand at that time?

A July, 19---

Q July, 1962.

A No, not that I am aware of.

Q You are not aware of these cattle. Or perhaps we should read the other one in at the same time. August 21st, 1962,

\$1900.00.

A Yes.

Q Which are, these two are relatively close together?

A Yes.

Q Are these two items in any way connected?

A Just a minute. I have the sheet Mr. Peterson prepared for me.

Q Here are two other notes in connection with this.

A These are credits, these two items you mention, and they are both hay supplied by Mr. Brandley and credited to my account.

Q And this is in connection with the \$10,000.00 item we just looked at?

A Yes.

Q Now, Mr. Hinman, the next item is November 12th, 1962, R. Peterson, a debit to your account of \$233.25. I believe this is at Cranbrook?

A Yes.

Q This is the statement on this particular one, the cheque to R. Peterson, Cranbrook, a cheque dated November the 12th, 1962, \$233.25, and it says at the top "Two heifers"?

A Yes, that is the note I have, two heifers.

Q These are two heifers at this stage that you purchased through the Association?

A Put it this way, that the Association purchased for me. I didn't know anything about them.

Q You had no knowledge about this whatsoever?

A No.

THE COURT:

Q Where did they go?

A I have a note here that says "Two heifers, Cranbrook".

Q Would they go to the Hin.Hat.Som.?

A They must have.

MR. WEIR:

Q Was the Association brand on those two heifers?

A I don't think so.

Q What brand would be on them?

A Two triangles with a bar above.

Q And this is the brand of the ranch in Cranbrook?

A Yes. That brand was registered to Mr. Leighton and myself.

Q The next item, November the 14th, 1962, a debit to your account of \$3,561.65. And according to this invoice statement here it says 19 cows plus commission and transit insurance.

Do you recognize this particular invoice?

A No, but that is the same information Mr. Peterson gave me later.

Q And these 19 cows, would I be correct in assuming that they were shipped to your ranch in Cranbrook?

A I believe so.

Q What about these particular cows, were they branded with the Association brand?

A I don't think so.

Q They would be branded with the double triangle brand?

THE COURT:

Q Are there any cattle at all in Cranbrook branded with the Association brand?

A I think no.

Q You would know?

A I don't know of any.

Q You don't know of any?

A No.

Q As far as you know there are no cattle at all in Cranbrook branded with the cleaver brand?

A That is correct.

MR. WEIR:

Q The next item I have here, November 22nd, 1962, Art Shannon Transport Service in the amount of \$361.60?

A My note says "trucking".

Q Yes. According to this document I have here apparently the 40 heifers were received at Kamloops from Mr. Wilson and according to this consigned to Lethbridge Central Feeders Limited, and then in brackets "Dick Sommerfeldt". "Destination Cranbrook".

THE COURT:

Q Was that entry before or after the 40 heifers, Mr. Weir?

MR. WEIR: It is after.

THE COURT: You haven't said anything about the 40 heifers yet. November, \$7,984.00.

MR. WEIR: It appears later in the ledger card, but the date of the 40 heifers---

THE COURT: Oh, I see.

MR. WEIR: We can go down to it now.

Q On November 14th there is an item of \$7,984.00 even. And the particulars on this are 40 heifers. Would this be the 40 heifers in question?

A They must be. That is what the note I got from Mr. Peterson says.

Q Now, the entry above that, November 21st, 1962, that is the date of it, but it appears just before that entry, \$29.60. And there is a slip here which indicates brands, and in brackets it says "Charged to E. W. Hinman - \$29.60". What is this?

A I think a brand reading fee.

Q Now, the next item is dated December 6th, 1962, marked "Supplies" \$166.30. Have you any record of that?

A No, I have no knowledge of it.

Q Who would normally order the supplies?

A If it went to Cranbrook it would be Mr. Sommerfeldt or Mr. Hatch.

Q And the next item, life insurance, December 20th, 1962, \$198.75. Did you realize that you were having your life insured by this Association?

A No, I did not.

Q Was there any policy issued or any statement?

A No, I had nothing on it.

Q All that they did was charge you for it?

A Maybe I was insured.

Q You were not a member?

A No.

MR. WEIR:

Q The next item is an entry, and I believe we discussed this earlier with Mr. Brandley, it is dated December 31st, 1962, \$7,767.99. It is credited to your account, and I believe that is debited on the same day to Mr. Brandley?

A Yes.

Q Are we correct in understanding that this is the balance of the particular \$10,000.00 note?

A Yes.

Q Or \$10,000.00 loan to Mr. Brandley?

A Yes. That does seem to total the interest and repayment on the loan.

Q Were there discussions with Mr. Hatch before this particular charge was made to Mr. Brandley and credited to your account and this amount was entered? Did you have discussions with Mr. Hatch?

A No I didn't.

THE COURT:

Q Why was the change made?

A What change?

Q From your account to Mr. Brandley's account. I mean crediting

you?

A I would suggest that he was buying hay from Mr. Brandley, and wanted it paid to Mr. Brandley's account and charge Mr. Brandley's account to clear up the loan.

Q You are thinking that this amount of \$7,767.99 really is hay?

A That would be my understanding that he was paying Mr. Brandley for hay.

Q You may be right, but we may not have looked for it. I just thought it was a straight transfer. The only reason I say this is because that is the original agreement that he would get hay and feed to pay this \$10,000.00.

MR. WEIR:

Q Who was to get hay and feed?

A Mr. Hatch for Central Feeders.

Q They would be getting the feed from Mr. Brandley?

A Yes.

Q But yet on this particular date there is a debit in Mr. Brandley's account of \$7,767.99, so Mr. Brandley is not selling anything, he is paying \$7,767.99?

A Yes, but it paid out that loan.

THE COURT:

Q There is no hay?

A There is no hay.

Q There can't be if Mr. Brandley is charged with \$7,767.99.

A Do we know whether in the meantime the hay had not been

delivered?

Q Why would they charge him twice?

A I don't know.

Q He has already got the \$10,000.00, and now they charge him with another \$7,767.99, so they have charged him now with \$17,000.00?

A No they charged me with the \$10,000.00.

MR. PROWSE: Brandley might have delivered the hay and taken it back again.

MR. WEIR:

Q Now, this original \$10,000.00, was there to be any interest to be paid by Mr. Brandley?

A 6%.

Q 6%?

A Yes.

Q Did you figure this out to be correct? I have marked in my notes here that the original \$650.00, plus the \$1900.00, when added to that figure of \$7,767.99 would actually yield an interest of 5% for the approximately seven and one-half months, although I may be wrong. But you are satisfied this is 6%?

A Mr. Hatch, I thought, was transferring or paying the exact amount of the loan plus interest.

Q So that you didn't figure this out yourself?

A No.

Q You were relying on Mr. Hatch's figures?

A Yes. I just want my titles back.

Q And you subsequently got them back?

A Yes.

Q When this particular entry was made?

A No, I think it was later on that he gave them back to me.

Q Approximately how long after this entry of December 31st, 1962?

A Very early in January I asked if it was completed and he said "Yes" and that he would send the title back, and I think that he gave them to me probably six or seven weeks after that.

Q The next item I have was dated January 17th, 1963, and it is an advance of \$640.00 on that date, and this is the cheque of the Association. Do you recognize this cheque, your signature?

A No, there is no signature on it. It was sent to the Toronto Dominion Bank you will notice.

Q Yes. It was deposited to the credit of you in the Toronto Dominion Bank at Cardston, Alberta?

A Yes. This can be explained. I had purchased, through the Farm Credit, an irrigation system for my farm at Glenwood, and when we needed one at Cranbrook we decided to take it over and assume these payments, and this was the due payment at that time.

Q And this was charged to your personal account?

A Yes, but I didn't know that.

Q Which account did you think this was charged to?

A We were borrowing money in Cranbrook from the bank to operate on, and I just assumed it was paid out of that.

Q Out of the bank in Cranbrook?

A Yes.

Q Rather than through the Feeders Association?

A Yes.

Q Now then there is a cheque to George Pereverziff, I believe it is, \$60.00, dated January 31st, 1963. Here is the cheque itself. It is marked at the bottom to be charged to you, and it is charged to "Members", and your name is marked "E. W. Hinman, \$60.00". This document here contains the details of it.

A Trucking?

Q Yes. Delivering these items here, weight of 6,000 pounds?

A Yes.

Q Now, would you have ordered this particular item?

A No, I wouldn't have.

Q Who would have made this order?

A Mr. Hatch, I presume.

Q And this next cheque, John Pereverziff, in the sum of \$100.00, and it indicates that there will be two loads of feed?

A Yes.

Q To be shipped to Dick Sommerfeldt, Creston, B.C., consigned to Dick Sommerfeldt, Cranbrook, B.C.?

A Yes.

Q Now, is this the same person?

A Yes.

Q He would have bought it in Creston?

A I don't know where he bought them, but that looks like a freight bill from Creston.

Q But you have no knowledge of this?

A No, I haven't.

Q And then this payment to Ellison Milling, \$312.00, and there is a statement attached, including the cheque itself, and you see the cheque includes other items involving other accounts as well. Actually it was to be charged to supplies. You were to be charged as you see in the journal at the bottom under column "Member" with \$312.00. Now, have you any knowledge about this?

A No.

Q On the statement it indicates it has been sent to Lethbridge Central Feeders, Cranbrook, B.C. This was not made by you?

A No.

Q February 27th, Ogilvie--- Actually it is Five Roses Flour, a cheque in the amount of \$652.60, although the amount charged to you is \$415.00, and it gives the breakdown as to what this represents, and the remainder is charged to supplies. Now, you just received, or have you any knowledge about these particular items at all?

A No, I haven't.

THE COURT:

Q Who kept the books?

A Mr. Hatch.

Q He kept the books?

A Yes.

Q Has he got the books?

A Yes.

Q Have you asked him for an explanation on any of these items?

A Yes, I did, and he said these were purchases that he made of pellets.

Q They are all properly chargeable to the Cranbrook Ranch?

A As near as I can tell they are.

MR. WEIR:

Q The next item in the amount of \$6,000.00, March 25th, 1963, an advance, the cheque is made out to the Double Triangle Ranch, and the cheque is dated March the 25th, and the endorsement on the back of the cheque would appear to be "Double Triangle Ranch, per F. R. Sommerfeldt"?

A Yes.

Q And this is deposited at the Canadian Imperial Bank of Commerce at Cranbrook, B.C. This is strictly an advance?

A It appears to be.

Q Would you have any knowledge about this particular advance?

A No.

THE COURT:

Q No idea what the money was used for?

A Yes. Once it got there it must have been used for operating the ranch.

Q Why should Lethbridge Central Feeders be operating the ranch?

A They shouldn't have been.

Q They shouldn't have been?

A No.

MR. WEIR:

Q And then on April the 4th, 1963, a sale of one bull through the Association of \$258.30. Where did this bull come from?

A I think from the Peigan Ranch. It should not have been in that account.

Q What account should it have been in?

A It should have gone to the Central Livestock Marketers.

Q The next item, April the 5th, 1963. Now, this is a debit to your account of \$5,920.00. What is your understanding of this entry?

A The little note that I have says \$1,920.00 drawings and \$4,000.00 to Stu. That is the only thing I have.

Q Who made that note? Is that your own personal note?

A No, Mr. Peterson or Mr. Hatch.

Q Well, I have here a ledger card which--- At least, a cheque, that appears to be from the Lethbridge Central Feeders Association, April 5th, 1963, to the Holding Pens of the Association in the amount of \$7,988.00. And as you see in the particulars of this there are three cheques

which are referred to with your name in the margin, and then one additional one, Fruehauf Trailers \$2,068.00. This was discussed before with Mr. Pereverziff. Now, these three cheques referring to you, it says on the first one "Deposit of cattle, Hinman, \$2,000.00". And it refers to the cheque number, and this appears to be the cheque, \$2,000.00, which is advanced to the Double Triangle Ranch. What endorsement is on the back of the cheque?

A Double Triangle Ranch, F.R. Sommerfeldt.

Q And then in addition there are other cheques, two other cheques. The first one is marked March the 7th, 1963, from the Holding Pens of the Lethbridge Central Feeders Association to Top Line Farms Ltd.?

A Yes.

Q And that appears to be their endorsement. And at the top it says "Note". What is this name?

A Wansborough.

Q Now, the same note appears on this other cheque, also dated March 7th, 1963, and it also is in the sum of \$1,960.00, and this one is to Bryce Smith?

A Yes.

Q And the same note appears on the top?

A Yes.

Q So we have two cheques in the sum of \$1,060.00, and one cheque in the sum of \$2,000.00, making the total of this entry. Now, does this change your thinking as to what this

entry is or what?

A Yes, it gives me some idea. Mr. Wansborough, and I didn't know it was at this time, but Mr. Wansborough had notes of mine for cattle I had purchased. Sometime along in that period Mr. Hatch had an opportunity to buy these notes at a discount, and I presume these are they, and I sent my personal cheque to pay for the notes after he told me about it. I think I paid him something in addition to this, because he simply bought them speculatively. I didn't know that they were for sale.

Q Wait a minute. Let's go back to the original transaction with Wansborough. What was the total transaction involving him?

A I bought \$45,000.00 worth of mostly registered cattle from Mr. Wansborough, and I paid him \$15,000.00 cash and gave him non-interest bearing notes.

Q You gave him \$15,000.00 cash?

A \$15,000.00 cash, \$15,000.00 due the next fall, and \$15,000.00 the second fall.

Q Both in the sum of \$15,000.00 with no interest.

A Yes.

THE COURT:

Q What year?

A The last one was due in 1964. It would be 1962.

Q You bought them in 1962?

A Yes.

Q And the first note due in 1963?

A Yes.

Q And the last one last fall?

A Yes.

MR. WEIR:

Q You mentioned two notes for \$15,000.00, and we have two cheques here which refer specifically to those notes, and both of those cheques in the amount of \$1,960.00. Can you explain why they would be in this amount?

A If they add those they probably represent what Mr. Hatch paid for one \$5,000.00 note. Mr. Wansborough came to me sometime early in 1963 and asked me if I would break down one of these notes because he may want to discount them or use them for collateral, and I told him I had no objection. I don't remember whether I changed it into a 10 and a 5 or three 5's, but one of them was broken down.

THE COURT:

Q These are not payable to Mr. Hatch. They are payable to--- Who are they payable to?

MR. WEIR: Top Line Farms Ltd. and the other one is Bryce Smith.

THE COURT:

Q How does Mr. Hatch enter into that?

A Mr. Hatch--- It was Mr. Hatch whom these people came to and offered to sell one of the notes. He evidently bought it at this price because some time after he told me that he

purchased one of these notes.

Q That would be \$1,960.00.

A They are both in the amount of \$1,960.00.

MR. WEIR: They are both in the amount of
\$1,960.00 Your Honour.

THE COURT:

Q That would be \$3,920.00?

A Yes.

Q Which you are suggesting to me that Mr. Hatch made
\$1,080.00?

A No, because I purchased them from him later sometime. He
offered to sell them to me, and I sent him a cheque for
them.

Q You bought them?

A I bought the one note from him.

Q Who has been--- The Lethbridge Central Feeders right at
the moment are out \$3,920.00 are they not?

A Yes.

Q And they are charged to your account?

A Yes, and I don't see any return of the money.

Q Are you suggesting to us right now that Mr. Hatch has
\$3,920.00 of somebody's money, whether it is yours or the
Associations?

A I am suggesting I wrote a cheque to somebody for this
amount plus.

Q We want this quite clear, now, Mr. Hinman, so that there

can be no mistake.

A I don't think there can be any mistake. These would be the only dealings that would have anything to do with Mr. Wansborough.

Q Mr. Hatch got the notes and paid out Wansborough, and then you bought them back?

A Yes, subsequently. Just one note.

Q Where would these two people, Top Line Farms and Bryce Smith, where did they come into the picture?

A Mr. Wansborough was originally from Saskatchewan and he had these cattle west of Edmonton, these registered bull Herefords, and that is where I got them. But subsequently he came to Bow Island and bought somebody out of Top Line Farms, and he became a partner, as I understand, with Mr. Parry in Top Line Farms. I don't know what went on between them, but there was an assignment of one of these notes to Top Line Farms. That is the only way I can account for it.

Q In what way has that got anything to do with Mr. Hatch? Isn't that money just owing to Top Line Farms, and it was paid?

A Yes, that's right, it was owing to Mr. Wansborough, that is whom I gave the note.

Q And to Smith?

A Yes.

Q The two notes were originally Wansborough's, and he sold

them to Top Line and to Smith, did he not?

A I think there was only one note because I refused to break it down any smaller because it is such a big nuisance because you don't know where the notes are.

Q Let us say one note?

A Yes.

Q Now, that one note is owned by Top Line and by Smith?

A I don't know who owned it. The only recognition I have is that is to whom it was repaid, and it referred to Wansborough's note.

Q Where did Mr. Hatch enter the picture?

A As I say Mr. Hatch told me sometime that he purchased one of my notes at a discount.

MR. WEIR:

Q Did he say specifically that it was one of the \$5,000.00 notes?

A That is the only thing that it could have been.

Q You mentioned there was another note of \$15,000.00?

A Yes. There were two \$15,000.00 notes, one of which I broke down.

Q Yes.

A So this would be the \$5,000.00 note.

Q You said that it might have been three 5's or one 5 and a 10?

A Yes.

THE COURT:

Q Do you know where the other two 5's went?

A Mrs. Parry purchased those.

Q Yes.

A And they were both paid this fall.

Q That is out of the second \$15,000.00?

A Yes.

Q What about the first \$15,000.00?

A It was paid.

Q By yourself?

A Yes.

Q Nothing to do with the Feeders?

A No.

Q The only thing that had anything to do with the Feeders was the last \$15,000.00?

A Only this one.

Q And the other two were paid direct to Mrs. Parry?

A I don't know whether it was to Mrs. Parry or to Mr. Wansborough. But they were paid direct, yes.

Q Here you have one \$5,000.00 item only?

A Yes.

Q And those cheques went to Smith and Top Line?

A Yes.

Q And you say that you in turn paid Mr. Hatch--- You sent in a cheque for that amount of money?

A I sent somebody. I don't know to whom I made it payable, but I think Mr. Hatch. I could produce that cheque.

Q You are still charged with \$3,920.00?

A Yes.

Q Well, with that note we will adjourn for 15 minutes.

(FIFTEEN MINUTE ADJOURNMENT)

MR. WEIR:

Q Mr. Hinman, you agree that you are still under oath?

A Yes, I do.

Q Now, when we originally brought up this figure of, that is entered on April the 5th, 1963, in the amount of \$5,920.00, you originally said that you thought it was \$4,000.00 of an advance to Stu and \$1,920.00 to the ranch. Now, if I am correct now in relating the latter part of your testimony immediately prior to the recess you are, am I correct in assuming that you are now adjusting your figures, making it \$3,920.00 for Stu and the \$2,000.00 to the ranch?

MR. MOSCOVICH: Who is "Stu"?

MR. WEIR: Mr. Hatch.

MR. MOSCOVICH: Does it mean Stewart or Lethbridge Central Feeders?

THE WITNESS: In this particular instance as I have related I had no idea that he was buying the notes with the Feeders money. I sent a cheque for, I think, the sum of \$4,000.00, and in the note which I have which I got from Mr. Peterson or Mr. Hatch it says "\$4,000.00 to Stu". And that would have left \$1,920.00, which would be a

drawing to the ranch somewhere, or a drawing regarding the ranch.

MR. WEIR:

Q The total of \$5,020.00 is charged to your account?

A Yes.

THE COURT: \$5,920.00.

MR. WEIR: Yes. I am sorry.

Q After looking at these cheques, two for \$1,960.00 and one for \$2,000.00. To account for this \$5,920.00 am I correct in relating your testimony that it would appear the \$2,000.00 went to the ranch?

A Yes.

Q And the remaining \$3,920.00 is an advance to Mr. Hatch?

A Yes.

Q And you say that you recall sending him \$4,000.00?

A I think that is correct. I recall sending a cheque to cover this note.

Q So apart from the fact that he has arranged this through a charge to your account, in addition to that he has made \$80.00, is that correct?

A Yes, that is correct if my memory is right on the amount of the cheque.

Q Have you any further questions Your Honour in this regard?

THE COURT:

Q I am trying to keep in my mind exactly what happened. How does Mr. Hatch enter into the picture at all in view of the

fact that the two cheques are made payable to two individual partners?

A I presume that Mr. Parry or Mr. Wansborough in some dealing with the Feeders Association mentioned this note was for sale and Mr. Hatch bought it.

Q What are the dates on those two cheques?

MR. WEIR: March 7th, 1963, both in the same amount and both the same date.

THE COURT: When were they charged?

MR. WEIR: April the 5th.

THE COURT:

Q It was after that that you sent the cheque?

A Yes, because I didn't know about it at this time.

Q And you sent them for \$4,000.00?

A Yes, I think \$4,000.00 was the amount I sent.

Q So that actually all that Hatch made out of the deal if it had not been charged to your account would be \$80.00, but in addition to that you are out another \$3,920.00 at the moment, is that correct?

A Yes, that is correct.

Q Who got that money?

A Well, I think, Your Honour, that you have to draw the same conclusion as I. If I sent the cheque to Mr. Hatch he is ahead by that much money.

Q \$4,000.00. Alright.

MR. WEIR:

Q Will you look at this particular cheque?

A Yes.

Q Now, the next item is \$6.80. Do you recognize this particular payment? It is very small. Bangs vaccination.

A Yes. Mr. Brandley was wintering calves for me and I asked him to have them Bangs vaccinated, and I had no idea it would be charged to the Feeders.

Q I have another item, Lethbridge Animal Clinic, \$39.00, April the 8th, 1963.

A Yes.

Q What would this be for?

A I have no idea. It may have been for medicine. I don't know what it is. That is the same thing. Could that be the pay to the Veterinarian for innoculating heifer calves for Bangs? It may have been.

Q It is the same date.

A Yes. It is probably the pay to the Veterinarian.

Q April the 3rd, 1963, debit \$3,414.43, and the particulars appear in this statement. 14 steers, 21 heifers, for a total of 35 animals?

A That is the number I have too.

Q Including commission and transfer insurance.

THE COURT:

Q Where did those go to?

A Cranbrook is the note I have.

MR. WEIR:

Q The next item is dated April the 18th, 1963, and it appears to be, according to the ledger card, a payment by you to the Association of \$243.75. I believe that this is related to another entry later on in the amount of \$243.60. Am I correct in that assumption?

A Yes, that is correct. That again was for pellets that went to Peigan. I sent a cheque for it. It should not have had anything to do with Lethbridge Central Feeders. It is marked on mine as a charge in error.

Q Journal voucher No. 432 indicates a debit to you and a credit to supplies in the amount of \$243.60, dated September 10th, 1963?

A Yes.

Q And this was in---

A It was corrected in September.

Q But the original entry was for \$243.75 credit, and the later debit supposed to cancel that out was \$243.60, so apparently there is less money without even considering---

A Wait a minute.

Q \$243.75 was the original credit on April the 18th, 1963.

A This is just 15 cents exchange.

Q Your account was lower on April the 18th, 1963.

A There is a correction of an error. This is not necessarily the date of the cheque. They were charged to me in April, and I paid for them immediately, but the error was not corrected until September.

Q Now, do you see the point that I am trying to make here? In April--- In fact on April the 18th, 1963, and I know again that the figures are not, the figures are of an insignificant amount, but in April the 18th, 1963, there is a credit of \$243.75, and this lowers your account by that amount. And then in September, September 10th, 1963, \$243.60 is supposed to balance out this entry. I know that it is only out by 15¢, but you were still not paying the interest on that money in the meantime.

A This was a credit. I should have been getting interest.

THE COURT: Let us go on.

MR. WEIR:

Q The next item is \$4,000.00, and the details of the cheque voucher indicates a cheque Zona Leighton for \$4,000.00, and I have that cheque from the Holding Pens. This was paid by the Holding Pens. The signature on this cheque is Mr. Sucher and S. M. Hatch. On the Holding Pen books it indicates the charge to your account. And this other cheque for \$4,000.00 is a payment by the Feeders Association to the Holding Pen books for the same amount, \$4,000.00. Now, the entry, of course, would appear once in your account of \$4,000.00, and would you explain to us why this cheque would be charged to your account?

A I am sorry, I cannot explain it. This cheque went to Mrs. Leighton, and there is a payment which should have been made in October when Mr. Hatch agreed to buy her

interest in the Hin.Hat.Som. Ranch. It was not the Hin.Hat.Som. Ranch then though. He agreed to buy Mrs. Leighton's equity, and she was paid nothing until May the 6th, and this is the cheque by which it was paid to her.

Q We will be going into more details later on concerning Mr. Hatch's interest in the Hin.Hat.Som. Ranch. At this time I would like to make this point certain if I can, and that is that this \$4,000.00 was charged to your account. Now, did you have any knowledge that this \$4,000.00 was to be charged to your account?

A No.

Q So that you did not authorize anybody to charge this \$4,000.00?

A No.

THE COURT:

Q It is Mr. Hatch's payment to Mrs. Leighton, and he should have made it?

A Yes.

Q And he took Feeder money and charged it to your account?

A Yes.

MR. WEIR:

Q May 23rd, 1963, a debit to your account of \$16,683.00, and the particulars on this document from the Feeders Association appears---

THE COURT:

How much?

MR. WEIR:

I beg your pardon, it is \$13,683.00.

Q And this represents a total of 49 cows, 235, and 6 cows at 227, for a total of 55 cows and calves, and including the commission and transit insurance for the total sum of \$13,683.00?

A Yes.

Q Now, as you see at the top it was, the particulars of it are there. Can you tell us where these cows and calves would be delivered?

A To Cranbrook.

Q Again to Cranbrook?

A Yes.

Q Incidentally, perhaps I should refer to this document. This is the livestock feeding agreement dated April 30th, 1963, and it is in your name, and is this your signature on this document?

A Yes.

Q And what is the total authorized credit?

A It is ---

Q On this particular contract?

A It is \$30,000.00.

Q On this particular day when this transaction went through, and this contract is dated April 30th, 1963, this particular transaction that we just looked over is dated May 25th, 1963, and the balance in your account at that time, I am looking at the debit balance in your account, I have \$47,134.01 debit balance, is that correct?

A Yes.

Q Now, did anyone approach you as to signing another contract when your account went over the \$30,000.00 authorized limit?

A No. I was not aware I had an account at this time.

Q You signed this contract?

A Yes, but I didn't know I already had an account.

Q You thought you were just opening an account?

A Yes.

Q The balance in your account was what on April 30th, 1963, when you thought that you were just opening a new account?

A \$29,300.00.

Q On April 18th, 1963, the balance is \$29,300.50?

A Yes.

Q And you had no knowledge at that time that you owed that amount of money then?

A No.

Q I notice that this particular invoice that we have just looked at, I notice on it that included in that total is an item of \$660.00 trucking. This would be trucking from the Wilson Ranch to Cranbrook?

A Yes, it must have been. From Kamloops, which is quite a distance.

Q Now, the next item is \$958.58, representing this particular invoice of 2 bulls, and the weigh slip?

A Yes.

Q Where were these bulls, where would these bulls have been delivered?

A These bulls were purchased from Mr. Stringam for me. It should have had nothing to do with the Feeders. Mr. Hatch told me that Mr. Stringam had two Hereford bulls for sale and I said I would like to buy them, and if he would deliver them to the Lethbridge Feeders we would pick them up there, so these bulls went to the Peigan Ranch.

THE COURT:

Q They should have had nothing to do with what?

A They should have had nothing to do with the Feeders Association.

Q How much was it?

A \$958.15.

Q And you did not get a bill for \$958.15. Did you not inquire? It is quite an amount of money.

A I think that later you will see why I didn't. I was expecting the bill to come from Mr. Stringam.

Q This is back in what time?

A This was on May 31st, 1963.

MR. WEIR:

Q We will go completely through your account. July the 11th, 1963, \$1,000.00?

A Yes.

Q The first cheque I showed you was a cheque for the Holding Pens of the Association by the Feeders Association?

A Yes.

Q And the Holding Pens cheque itself indicates a cheque payable to Hin.Hat.Som. Ranches Ltd. \$1,000.00, and it is endorsed by---

A Mr. Sommerfeldt.

THE COURT:

Q Have you any idea, Mr. Hinman, why Holding Pen cheques were used in dealings with your account and with the Hin.Hat.Som.?

A No, I haven't Your Honour.

Q You realize, do you, that ordinarily Holding Pen cheques were used to buy cattle?

A Yes, I realize it now.

Q That is what the Holding Pens were set up for?

A I realize it now.

Q And yet they used your account and used the Holding Pens to issue cheques to you and caused us hours of work in tracing them from the Holding Pens, tracing these feeder things from feeders to Holding Pens, and then finding the Holding Pen cheques.

MR. WEIR:

Q You have no idea what that money would be used for?

A No, I presume just operating.

Q And the next item, August 28th, 1963, which is involving the U. of A. Co-op, a payment to them in that amount, and it refers to "one only left brand calf cradle".

MR. MOSCOVICH:

How much?

MR. WEIR: \$153.40.

Q Now, where would this be delivered?

A That was delivered to the ranch.

THE COURT:

Q Which ranch?

A At Cranbrook.

MR. WEIR:

Q I notice the order was specifically signed by Mr. Hatch, or at least it appears to be his signature. It says "Stu Hatch". And yet the original statement is, it is addressed to Lethbridge Central Feeders, and somebody has put in in pen "Riverview" with a question mark. You are certain that you got this particular item?

A There is a calf cradle.

Q I am wondering whether it is this one?

A I presume it is the only one. There is one there anyway.

Q Perhaps you should investigate to see when it was delivered, to see if it is the same one. The only reason I mention that is because I saw "Riverview" with a question mark, and this is the ranch of Mr. Hatch, or was the ranch of Mr. Hatch. Now, the next item we have discussed is the \$243.60 item, and the following item is October the 3rd, 1963, life insurance. You didn't realize initially that your life was insured. The insurance premium is dropping now, \$160.00. Did you realize at this stage of the game that you were insured?

A No.

Q Now, another item for supplies, \$64.27 on the following day, have you any knowledge of that?

A No.

Q I haven't either, although it could be a legitimate charge. November 1st, 1963, the sale of one steer. Where did this steer come from?

A November 30th?

Q No, November 1st. \$111.87.

A I have a note which says 600 pound steer from the Peigan.

Q So your, here again is further confusion. These two ranches seem to be all mixed up in this one account so far?

A Again that is one for which a cheque should have been mailed to Mr. Thompson of the Peigan. He keeps the money and makes payments for me there.

Q The next item, Canadian Dressed Meats, another credit, and this one of \$113.84, as represented by this document.

A My note says canner cow from Peigan.

Q It says "one canner". But this is a canner cow?

A Yes.

Q And the next item is rather interesting. December 30th, 1963, it says "Transfer of 95 cows". I believe this is a credit to your account of \$21,667.00. And I believe this is the entry, is it not, that is debited on that same date to the Hin.Hat.Som. ledger card?

A Yes. My note says N.A.B. So I think that is what it is.

Q Well, I had better look. \$21,667.00, and this is the Hin.Hat.Som. Ranch card on that date, and it says "Transfer 95 cows from Hinman". The debit is on the Hin.Hat.Som. Ranches card, and the credit is in your personal card?

A Yes.

Q Now, did you have any knowledge about this particular transfer?

A No, I didn't.

Q Was there in effect a transfer taking place at that point of 95 cows, or was this just a book entry?

A No, just a book entry. It could not have been anything else.

THE COURT:

Q These previous items that you have mentioned add up to 95?

A I don't know.

Q You just mentioned 55 a minute ago. And steers and heifers 35. That would be 90. Although they are not cows. Anyway, it is a fictitious entry?

A Yes.

Q Getting out of your account, I presume, all these things that should not be in it anyway?

A That is correct.

Q Does that bring your account down to somewhere where it should be?

A That brings it down below the credit limit.

Q Does it bring it down to the point where you personally actually owe the balance that you admit owing a balance of?

A In just a minute, Your Honour, that is going to come up, so may I explain it then?

Q Fine.

MR. WEIR:

Q The next item then that I have is December 30th, 1963, and it says "Advance", and this is a cheque payable to you in the amount of \$2,300.00. Is that your signature on the back?

A It looks like it.

Q And this was endorsed or deposited at your account at the Canadian Imperial Bank of Commerce, Pincher Creek?

A Yes.

Q What would this particular \$2300.00 be for?

A That was an advance on calves which were sold and was to pay a note which Mr. Leighton had at the bank at Pincher Creek.

Q You were paying Mr. Leighton's note?

A Yes.

Q Why did you do that?

A The Peigan Ranch belonged to me and Mr. Leighton.

Q Oh, I see.

THE COURT:

Q And that went to the Canadian Bank of Commerce in Pincher

Creek?

A Yes.

MR. MOSCOVICH: And they let it go.

THE COURT: The local branch is helping out all the sub branches.

MR. WEIR:

Q The next item is Fort Macleod Animal Clinic, \$16.00, on the following day. Do you, of your own knowledge, know what this is for?

A No, I don't know.

Q And the next one, Canada Packers, a credit to your account of \$288.01 on the same date. Two heifers.

A Again those are from the Peigan Ranch.

Q And the next item is \$172.55, which is a credit to your account. It is dated January 13th, 1964. I believe it just says "Transfer".

A I had one cow from Brandley, and I think that is a cow on feed that went sick.

Q That is Noel Brandley?

A Yes.

Q Who discovered this? Who would arrange for this particular sale? This would be Mr. Brandley?

A Yes, if an animal had to be sold he would then just send it in. I don't know why the transfer though.

THE COURT:

Q Would it have been credited to Mr. Brandley?

MR. WEIR: It is credited to Mr. Hinman.

THE COURT: I mean previously. And then transferred. What is the date?

MR. WEIR: January 13th, 1964.

THE COURT:

Q Yes. It was taken out of Mr. Brandley's account, \$172.55, and put in your account.

A I have no idea why unless the cow went in first and was credited to his account in error.

Q It was.

A It was in error there, and he just corrected it. It was a cow that belonged to me.

Q You didn't have anything to do with it?

A No.

Q We thought that you were paying very strict attention to these cattle out there?

A No. I think probably Mr. Brandley spotted that the credit had gone to the wrong place.

MR. WEIR:

Q The next item is \$38.50, a debit to your account on March the 3rd, 1964, Roy's Mobile Feeding Service.

A This is Vitamin A that went to the Peigan Ranch.

Q And the next item is \$200.60, which is credited to your account on March 23rd, 1964, Canadian Dressed Meats, less all the commissions and transfer insurance. Then it says "One bull"?

A Yes.

Q And this, there is an auditor's entry of \$166.67 on July 31st, 1964. Have you any knowledge as to what that entry is about?

A No, I don't have it on this.

Q It is a debit.

THE COURT: Was there ever any interest charged to his account up to the present?

MR. WEIR: Yes, there has been interest all throughout. I just haven't referred to it. It seems that after the first couple of entries that I referred to, Your Honour, interest was regularly charged to this account.

Q According to the note I have here, Mr. Hinman, and if you will look at the ledger card, on October the 15th, 1964, the balance in your account stood at \$33,256.57?

A I don't have that.

Q No, I say on the ledger card?

A That is correct.

THE COURT: Are you going to finish these cards, Mr. Weir, now, and see how much Mr. Hinman feels that is properly chargeable to him on that card?

MR. WEIR:

Q Would you like to go into that now Mr. Hinman?

A Anytime.

Q Are you satisfied with what is owing on that account?

A No, I am not satisfied, but I must be content.

Q Have you done any double checking, for example, to reconcile this entry that we discussed a few minutes ago, this \$21,667.00?

A The transfer of cows?

Q Yes.

A There is nothing I can check on it.

Q Can't you check your, from your account and figure out what it is. We have already gone through your account item by item.

A Yes. On the sheet that I have this shows as a transfer. I have a sheet that starts at a certain date and it is the Hin.Hat.Som. Ranch account.

Q We are going to come to the Hin.Hat.Som. Ranch account. What I meant was have you ever gone through documents like the documents that we have looked at today to figure out if this transfer of \$21,667.00 is in fact the proper charge? Perhaps it should be more or perhaps it should be less, but have you ever checked this?

A Yes, I have. It is going to take a little explanation.

THE COURT:

Q Well, we have 23 minutes.

A It won't take that long. I have already indicated I didn't know I had these accounts because I was not a member. But in the spring, April 30th, 1963, we had a very wonderful grass growth, and I anticipated buying some additional cattle for the Peigan, and I wasn't sure whether the bank would let

me have the cattle or not, so I signed an application for membership in the Association, and I thought \$30,000.00 would be enough. At that time I did not pay the membership fee because I was going to check with the bank. The bank were willing to give me the money so I didn't pay the membership fee, so as far as I knew I was not a member. Now, I didn't do anything more about this until I got the auditor's statement showing that I owed some \$30,000.00, and at that time I was naturally excited.

Q The following January of 1964?

A Yes. I came to see Mr. Hatch to see what was going on, and at that time he told me that he bought quite a few cattle for me, thinking that is what I wanted him to do, and these went to the ranch at Cranbrook. Because we needed more cattle, I thought, well, if he is putting cattle up with his money I suppose it is only logical for me to put some up too, so I phoned Mr. Sommerfeldt and asked him whether the cattle had been delivered, and he gave me the number that he could recall, and I asked him if he thought that the number of cattle would be valued somewhere near this account, what this account was. He said yes, that it was probably right. So I came back and told Mr. Hatch if this covered those cattle I would recognize that amount of money. Now, I signed the auditor's slip, not having checked any cards, thinking that the account was totally for cattle. That is why I say I am not satisfied

with these charges because I don't know, I did not know that the Feeders Association was supplying operating money and supplies and everything else. I thought I was signing for cattle, and the cattle were there. Mr. Sommerfeldt assured me that they were branded with the Two Triangles brand, so I thought I owed the Association the money. Now, that doesn't mean I am willing to accept all of these entries for so many purposes which were not cattle purchases. For the cattle which I signed for, and which I believed to be cattle, I take full responsibility, and that amount was, I think, in excess of \$31,000.00.

Q So that your account at the moment is fairly close to being correct?

A My personal account.

Q This account?

A Your Honour, I am satisfied that most of these entries did go up to the ranch, but the account which I agreed to accept was not supposed to be for all these items, it was supposed to be for the cattle, and I am satisfied that that many cattle are there, and consequently I accept that amount as correct, but not as to the itemized statement.

Q When we come to consider the Hin.Hat.Som. you get your \$21,000.00 debited to Hin.Hat., and Hin.Hat. now owes \$43,000.00 in addition to your \$33,000.00?

A Yes.

Q Is that correct? Are the total liabilities around \$80,000.00?

A Yes, I believe so. There are the two items of about \$8,000.00 which should be out of that which are Mr. Hatch's. The payment to Mrs. Leighton and the payment for those notes.
MR. WEIR:

Q \$3,920.00.

A \$3,920.00 and \$4,000.00.

THE COURT:

Q That would be about \$8,000.00?

A Yes, just under \$8,000.00.

Q Have you checked with Mr. Sommerfeldt that he got this \$6,000.00 and \$1,000.00 and all these items are properly chargeable?

A They seem to be.

MR. WEIR: Your Honour, would you like me at this time to go through the Hin.Hat.Som. documents. There are not too many and we can do it before referring to the photostats from the Companies Branch.

THE COURT: Just go through the Hin.Hat. account and then that will be completed, I hope.

MR. WEIR: Yes.

Q I show you a ledger card marked Hin.Hat.Som. Ranches. Have you seen this ledger card before?

A No, except as to the, as you show it to me now.

Q Did you know that one was in existence when these entries were made to this account?

A No, I didn't.

Q Were you under the impression that they were marked in this other ledger card we have just gone over?

A No, I had no knowledge of those items at all, of there being an account for them, but some of them I knew about.

Q And the thing that disturbs us, as I recall, the Board of Directors that testified also did not have any knowledge of this particular ledger card?

A I think that is correct.

THE COURT:

Q And the bank certainly had no knowledge of it.

A No.

MR. WEIR:

Q Would you hold the ledger card in your hand and we will go through it. There is this other item, \$958.15. Would you like to discuss this one now, these two bulls?

A The two bulls were, and I think I did explain it, the two bulls were available from Mr. Stringam, and I asked Mr. Hatch, he told me about them, to tell Mr. Stringam I wanted the bulls, and I didn't want them until June, and if it was convenient sometime if he would deliver them in Lethbridge and we would pick them up. Mr. Stringam and I have done business before, and he sent me bills, and I was not aware that this was paid by the ranch. Mr. Hatch did tell me that he paid it. What I was going to elaborate on at that time was that Mr. Hatch bought our calves and old cows, and I thought that he was simply deducting this from the settlement

on the cows and calves.

THE COURT:

Q That is from the Hin.Hat.?

A No, these are from Peigan. The Central Livestock Marketing were going to market the cows and calves, and I thought that he was taking this off from the settlement. He told me that he had settled with Mr. Stringam.

MR. WEIR:

Q Looking at your ledger card you will see an item dated September the 9th, 1963, which represents, according to the ledger cards, Lethbridge Central Feeders - H.P., representing Holding Pens, and a debit of \$2,350.00. I show you the cheque to the Feeders Association Holding Pens in that amount by the Feeders Association. It refers to a cheque to the B. & R. Service, and it says "For Hin.Hat.Som. Ranch". And on this page this represents the journal entry on that particular cheque, and the only thing we could see here is that it is dated August the 7th, 1963, and the only signature we can see is that of S. W. Hatch to B. & R. Service for this amount of money. I was not able to get this specific cheque. This is a photocopy. Now, can you tell us what this particular transaction was?

A Yes. The ranch had been driving used trucks with no success, and Mr. Hatch wished to buy a new one, and I told him that if he wished to purchase it through B. & R. he could purchase it with just a service charge over wholesale. This is a

garage that I have an interest in. This sum of money, \$2,350.00, represents that purchase.

Q And how much of an interest have you in the B. & R. Service?

A One-third.

THE COURT:

Q At Pincher Creek?

A Cardston.

MR. WEIR:

Q And this was delivered to the ranch at Cranbrook?

A I presume Mr. Sommerfeldt picked it up, but that is where it went.

Q The next item refers to Community Auction, \$3,154.54 debit to your account, and it refers to their address as being Cranbrook. The details of these invoices appear to be 28 steers, which when added to the commission and transit insurance gives this total of \$3,154.54.

A That agrees with the record that they gave me.

Q Now, the next item is rather interesting. It is a debit to your account in the sum of \$16,975.00 even, and the documents referring to this, the first one is the Feeder Association Ltd. pay to the Lethbridge Central Feeders Association Holding Pens a cheque which is dated October 29th, 1963, in the sum of \$16,975.00, and it appears in the written part on their stamp machine in the same amount, \$16,975.00. And it says replacing cheque No. 1705, Holding Pens, to the Hin.Hat.Som. Ranch. Now, let us look at the

cheque from the Holding Pens to the Hin.Hat.Som. Ranch.

What amount do you see on this cheque?

A \$16,975.00.

Q That is the figure amount?

A Yes.

Q And what figure is written on the cheque?

A \$16,900.75.

Q And this cheque is endorsed by whom?

A Mr. Sommerfeldt,

Q And deposited where?

A To the Canadian Imperial Bank of Commerce at Cranbrook.

Q There was no, apparently no worry by the Canadian Imperial Bank of Commerce in Lethbridge in spite of the fact that the cheque appeared to be not written in the usual form.

MR. MOSCOVICH: It is alright. There is nothing wrong with the cheque.

THE COURT: \$65.00 out.

MR. PROWSE: That is not very much.

MR. MOSCOVICH: Pretty close.

MR. WEIR:

Q Now, the details on the voucher on which is stapled this rather interesting cheque is 60 cows at 160, 125, and is that heifer calves?

A Yes.

Q At \$59.00 each?

A Yes.

Q Making a total of \$16,975.00?

A Yes.

Q Now, was this transaction in effect for the purchase of these heifer calves and cows?

A I am sure we didn't sell to the Feeders Association any cows. We did sell heifer calves one time.

Q Well, realizing where this particular money was deposited by this cheque, which although it is out a little, the Canadian Imperial Bank of Commerce seem satisfied with it. Now, what would this money have been used for?

A The note I got when I took that, when I checked that with Mr. Hatch and Mr. Peterson says "To pay loan". Each year we did have a loan from the bank in Cranbrook for operating, and when I got this I concluded that that was the amount we owed at that time.

Q So that the Feeders Association, through the local bank, are paying off this note at the Canadian Imperial Bank of Commerce at Cranbrook?

A That is the way that it looks.

Q Who signed this particular note at Cranbrook?

A Probably Mr. Hatch and myself.

Q This would be a personal note?

A It may have been a note for the ranch, but we had to guarantee these.

Q Are you in effect accepting the indebtedness recorded on

the Hin.Hat.Som. Ranch ledger card?

A On behalf of the ranch.

Q Are you personally accepting the indebtedness that appears on this, on these and other items that appear in your ledger card, the total of which is \$43,944.44?

A I am accepting that figure as probably the correct one for what the ranch owes.

Q Are you accepting personally the indebtedness as a personal debt?

A No.

Q You are not?

A No.

Q But yet this particular sum of \$16,975.00 was advanced by the Feeders Association to pay off a note that you personally signed?

A I think that the note would have been for the ranch, and we signed it as officers of the ranch.

Q You are personally liable for this note?

A Yes. I thought perhaps, Your Honour, I should say here what we have all agreed to do is to make every effort to pay this sum off, either by the sale of the ranch or the operation of the ranch, or the sale of as many assets as we can. My refusal to take personal responsibility for the whole thing, I think that you understand.

THE COURT:

Q I am not deciding legal problems Mr. Hinman.

A I realize that. But I want the Court to know what the situation is.

MR. WEIR:

Q There are only four more items. Another credit to your account of \$350.31, representing three heifers. This is dated October 31st, 1963, as represented by these invoices. Do you recognize what these would be for?

A No, I don't. The notes I have say there are two together, there is one---

Q This one is three heifers.

A Three heifers. And the next one 26 cows and two bulls.

Q 21 cows, one more cow, another four cows, and two bulls.

A 26. I presume they are---

Q Making a total of 28 cows and the two bulls.

A That could be. That is what that shows.

Q Oh, you are referring to this next item which is a credit to the Hin.Hat.Som. Ranch ledger card of \$3,554.76?

A Yes. And this would have been a total of 26 cows, as I have it, and you have 28.

Q I am looking at this document dated October 30th, 1963?

A Yes. You are probably right.

Q Now, Mr. Hinman, these 28 animals, plus these three animals, these are correct, the correct credit to your account?

A I think so, yes.

Q At least credits, I should say, to the Hin.Hat.Som. Ranch ledger card, is that correct?

A Yes.

Q Now, there is a small amount of \$20.00, and this represents a cheque to the Central Livestock Cartage, which I believe has already been discovered is Mr. Pereverziff for trucking. And it says on the details "Lethbridge Central Feeders, Fort Macleod, consigned to Dick Sommerfeldt, Cranbrook. Three bulls. \$20.00". Do you acknowledge this?

A Yes.

Q I don't know how much of a transportation charge there should be, but I know that I would charge more than \$20.00 for that. I would charge more than \$20.00 for hauling these bulls from Fort Macleod to Cranbrook. Does this appear to be the correct charge or am I just ignorant of the charges?

A No, I think, Your Honour, that he would not have done it for that excepting that he was on his way up there and he just took them along. Nobody would make a trip for that.

Q So that this would appear to be a part of another trip that he was making?

A It was what they call a back call. He probably said that he would take them for \$20.00 whenever he went that way.

Q And this is another credit of \$939.82, 13 heifers sold on December the 11th, 1963?

A Yes.

Q And these are correct?

A I have no knowledge of this, but I presume that they are.

They came from the Hin.Hat.Som.

Q And then supplies, \$24.28. This one, which I happen to have, is signed by, at least it looks like "S. W. Hatch". I presume that is Mr. Hatch's signature. \$24.00.

A Yes. Salt.

Q Would you have ordered this or would you know anything about this?

A No.

Q The next item now appearing as a debit to the Hin.Hat.Som. Ranch account of \$21,667.00, and that same amount is credited to your account?

A Yes.

Q And this is set out in Journal voucher No. 478 of that date?

A Transfer of 95 cows.

Q It says that?

A Yes.

Q But in effect it was not necessarily a transfer of 95 cows?

A That is correct.

Q Now, the final item, and I hope that you are going to help me with this. I am afraid that my commerce background at the University does not help me out in this one. This is a debit of \$3,495.15, and a credit to purchase deposits in that same account, and the particulars that are set out here, it says "Double Triangle Ranch, \$1300.00, and Mrs.

THE COURT: I am afraid that we are not going to get that explained this evening. We will give Mr. Hinman an opportunity to look over these documents overnight and be back here tomorrow morning at 10 o'clock.

(HEARING ADJOURNED AT 4:35 P.M. UNTIL 10 A.M. JANUARY 12th, 1965)

Alberta. Commission to Inquire ...
Proceedings of the hearings.

CA2ALZ 1
64L21
v.9



GOVERNMENT OF ALBERTA
PROVINCIAL LIBRARY
Edmonton

•
RULES

1. Books may be kept two weeks and may be renewed once, if not already reserved.
2. A fine of two cents a day will be charged on each book which is not returned according to the above rule. No book will be issued to any person incurring such a fine until it has been paid.
3. All injuries to books beyond reasonable wear and all losses should be made good to the satisfaction of the Librarian.
4. Each borrower is held responsible for all books drawn on his card and for all fines accruing on the same.

